National
Home Center News®

HARDWARE CO-OPS:

Gambling on the Store of the Future

Prompted in part by the success of HWI's "Do-it" program, the leading hardware wholesale buying groups are anteing up with their own "Store of the Future" strategies. These remodeling, remerchandising and marketing formats are aimed at preserving dealer affiliations. How extensively they are embraced could determine how well hardware retailers can compete in the high stakes retail home improvement game. For some dealers, it might be a matter of survival.

—A *National Home Center News* Special Report

NHCNews Briefs

Industry Update

Boise closes four units

BOISE, Idaho — Continuing its retail-store consolidation campaign, Boise Cascade has closed three Building Materials Centers in Colorado and one in Washington state.

Company officials, meantime, declined to comment on reports that they are negotiating to sell seven retail stores, a contractor plant and a wholesale yard in southern California.

Boise Cascade's retail store count is now 31 units, down from 77 units at the end of 1984. The single-biggest transaction occurred in February when Lowe's signed a $50 million agreement to buy 23 Boise Cascade units in Texas and Oklahoma (*NHCN*, Feb. 25).

The shuttered Colorado stores are in Grand Junction, Cortez and Montrose; the closed Washington outlet is in Pasco, where a Walla Walla, Wash., lumber company took over the operation.

Hechinger names Pittsburgh sites

LANDOVER, Md. — Hechinger has firmed up sites for its first two stores in the Pittsburgh market. The $405 million home center chain will construct a warehouse store in the city's Century III Mall, adjacent to a Busy Beaver store, and take over a former Montgomery Ward store in the Monroeville Mall. Both stores will have 90,000-sq.-ft. selling areas, including attached garden shops. They are epxected to open in October.

At just about the same time, said chain president John W. Hechinger Sr., the company will open similar-sized units in Laurel, Md., and Reistertown, a Baltimore suburb. This will bring the chain's total store count to 51.

Builders Sq. clarifies growth plan

SAN ANTONIO — When K mart announced on July 22 that Builders Square will add 50 new stores in 1986, the Troy, Mich.-based parent company was announcing its approval of 50 market areas and some specific sites, explained Jud Walford, senior vp. It was not adding to the warehouse retailer's previously announced plans to open 50 stores next year (*NHCN*, Feb. 25, 1985).

The 21-unit retailer will not be a 100-unit company by the end of 1986 as it had hoped, however. There will probably be between 80 and 90 Builders Square units. The delay is due mostly to longer-than-expected completion periods needed for the northern stores.

By the end of this year, Frank Denny, president, said the San Antonio-based retailer will add 10 more units.

Busy Beaver to add 3 units in '86

PITTSBURGH — Busy Beaver Building Centers said it planned to open three new stores during calendar year 1986. The stores, which will be modeled after the company's warehouse prototype in Boardman, Ohio, will be located in the company's current trading region, although not in the Pittsburgh market. The company operates 11 stores in Western Pennsylvania and eastern Ohio.

The company also said it would remodel three of its older stores, in Monroeville, Pa., West Mifflin, Pa., and in the Pittsburgh suburb of North Hills, by this fall. The move is part of an effort to modernize all of the chain's older units. The company remodeled its Washington, Pa., store in May.

Scotty's completes new whse

WINTER HAVEN, Fla. — Scotty's completed a $2.5 million warehouse expansion at its headquarters site last month. The company has already begun utilizing the 125,000-sq.-ft. structure, which has room for 30,000 pallet rack positions, more than doubling the number previously available at the $453 million company's distribution center. The warehouse is expected to meet the needs of the firm for the next three years.

Markley debuts realty firm

MISSION VIEJO, Calif. — John H. Markley, former president and ceo of W. R. Grace home center's western region, is establishing an independent brokerage office specializing in commercial, residential and property management in this Orange County community near his Capistrano Beach home.

The company, Remax, will open Aug. 15 in the Valley Professional Building at 27401 Los Altos. A staff of 15 will work with Markley and his partner, Gary Thomas, a longtime realtor.

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Wickes Lumber on growth track; completes first buyout in 6 years

VERNON HILLS, Ill. — Wickes Lumber, the $853 million subsidiary of Wickes Cos., Santa Monica, Calif., purchased City Lumber of Pascagoula, Miss., last month.

The purchase of the two-store company represents the first acquisition by Wickes Lumber since it purchased a number of Lindsley Lumber outlets in Florida in 1979.

"We're in a position to start growing again," said Wickes Lumber general manager Les Hagen, in explaining why his company made an acquisition now. "We've put ourselves in a position to complete the filling in of some of our markets." Wickes Cos. emerged from protection under Chapter 11 of the U.S. bankruptcy code earlier this year.

City Lumber began operating as a subsidiary of Wickes Lumber on July 22. The new subsidiary, which will retain its City Lumber store signs, achieved a volume of $16 million in 1984. Besides a store in Pascagoula, the company also operates a unit in Ocean Springs, Miss.

With the purchase of City Lumber, Wickes now operates 213 stores in 36 states. The new acquisition brings Wickes' Mississippi presence to four stores.

Hagen added that Wickes would continue to expand, either "through new stores or through acquisitions." He would not comment on whether Wickes would have another acquisition this year, or whether negotiations were currently under way with any company.

"The new units are very similar to a Wickes Lumber yard, and they fit our style," said Hagen. "They have the space we need, in terms not only of the showroom but also of sheds and land." Each store has a 16,000-sq.-ft. selling area and five to six acres of adjacent land.

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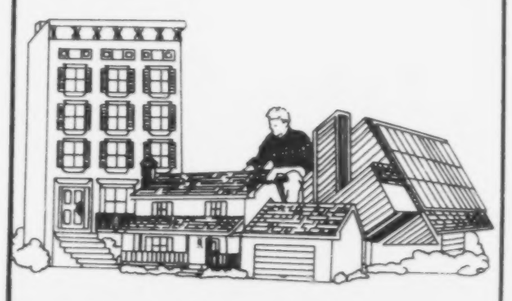

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FINANCIAL NEWS

22 Gainers

5 Unchanged

29 Losers

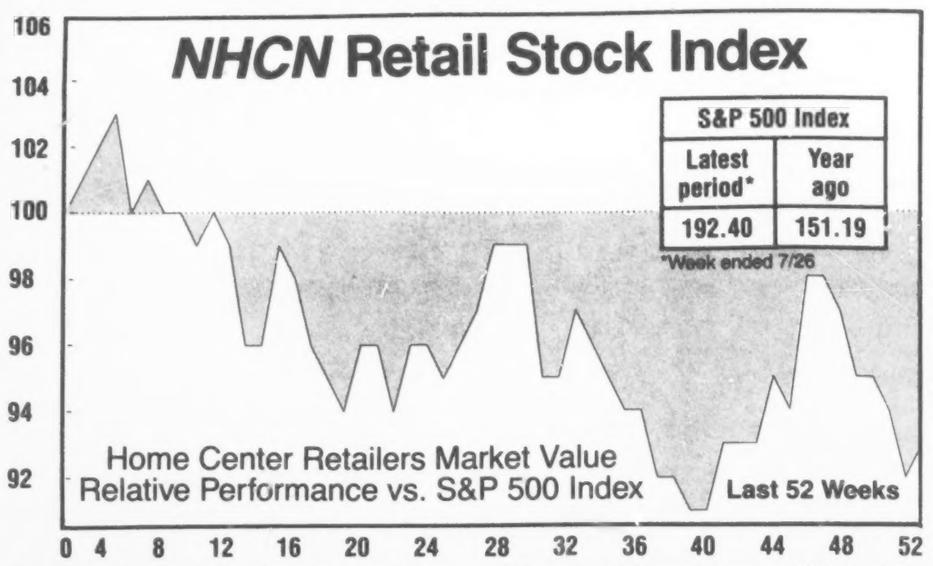
For the first time in six weeks, stock price-percentage losers outnumbered gainers, 29 to 22, for the two-week period ended July 26. Five stocks were unchanged.

Home center stocks have been sailing rough waters during the first half of 1985 *(see Home center stock analysis, pp. 174-176)*. While stock market prices as a whole dipped somewhat at the end of July, the *NHCN* Retail Stock Index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks.

Leading the retail losers was Homecrafters Warehouse, which fell 16.7% to $6.25 on a heavy volume of nearly two million shares traded. Lowe's, which had been relatively unaffected by the slump in home center stocks, declined 9.2% to close at $25.88 on 7.3 million shares traded.

On the positive side, Payless Cashways rebounded from a 10% drop in the previous period to close the most recent period at $18.50, a 12.1% gain over the previous two weeks. Hechinger B was up 9.1%, closing at $21 on a two-week volume of 911,000 shares, while Forest City Enterprises climbed 6.7% to $23.75 on 112,000 shares traded.

Diamond Lumber parent Michigan General, which was selling as low as $4.63 on June 28, closed at $5.25, a 5% increase over the previous period.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Clopay Corp A	752	568.0	- 25.0
Forest City Ent A	112	366.7	6.7
Thos Inds N	2,136	348.2	3.5
Edison Bros N	3,796	302.2	.4
Owens Corning N	10,923	291.5	5.9

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Mich General A	5,600	260.6	5.0
Grace W R N	14,344	218.3	2.7
Erb Lumber M	37	215.4	- 2.2
Homecrafters Whse M	1,878	184.2	- 16.7
Color Tile M	7,480	182.2	.7

TOP GAINERS

Company & Market	2-Weeks Ended 7-26 $	2-Week Price Change %	Total 2-Week Volume (100)
Payless Cash N	18.50	12.1	14,372
Hechinger B M	21.00	9.1	911
Forest City Ent A	23.75	6.7	112
Owens Corning N	35.75	5.9	10,923
Mich General A	5.25	5.0	5,600

TOP LOSERS

Company & Market	2-Weeks Ended 7-26 $	2-Week Price Change %	Total 2-Week Volume (100)
Clopay Corp A	11.63	- 25.0	752
Homecrafters Whse M	6.25	- 16.7	1,878
Waxman Ind M	13.00	- 9.6	1,264
Lowe's Cos N	25.88	- 9.2	7,333
Potlatch Cp N	33.88	- 9.1	946

National Home Center News® HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 7-26-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report, Period, Date Ended; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 7-26-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	48.50	- 1.00	- 2.0	51.00	48.00	51.00	34.00	11,169	4.09	2.19	86.8	21.0	1.90	3.9	NEW	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	18.25	.13	.7	18.25	17.38	20.00	14.75	7,480	8.10	2.87	182.2	12.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	32.13	.13	.4	32.50	31.50	38.25	31.00	3,796	3.74	.93	302.2	12.3	1.60	5.0	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber M	22.00	- .50	- 2.2	24.50	22.00	24.50	18.00	37	.41	.13	215.4	6.7	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.88	.00	.0	2.00	1.75	6.25	1.75	755	.55	.29	89.7	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	23.75	1.50	6.7	23.88	22.50	23.88	15.13	112	.28	.06	366.7	33.0	.15	.6	NEW	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R N	42.38	1.13	2.7	42.75	40.63	44.50	38.50	14,344	2.96	.93	218.3	12.3	2.80	6.6	NEW	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	18.75	.00	.0	19.50	18.25	23.19	14.00	3,101	3.55	2.46	44.3	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	21.00	1.75	9.1	22.25	18.75	24.19	14.19	911	.40	.31	29.0	22.3	.08	.4	NEW	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber O	40.38	.63	1.6	41.00	39.88	43.75	34.50	16	.09	.28	- 67.9	30.1	1.00	2.5	.....	3 mos.	03-85	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse M	6.25	- 1.25	- 16.7	7.75	6.25	16.25	5.25	1,878	6.65	2.34	184.2	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot N	13.50	- .25	- 1.8	14.00	13.13	27.88	12.00	9,257	3.69	2.22	66.2	27.0	.00	.0	.....	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc N	66.50	.25	.4	68.00	65.25	70.50	55.25	2,242	1.59	1.40	13.6	16.7	3.08	4.6	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	35.25	- 1.13	- 3.1	37.25	34.75	41.50	30.50	51,056	4.08	1.57	159.9	9.2	1.40	4.0	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	25.88	- 2.63	- 9.2	29.25	25.75	31.13	16.75	7,333	2.02	1.12	80.4	15.4	.36	1.4	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	5.25	.25	5.0	5.63	4.63	8.50	4.50	5,600	4.94	1.37	260.6	25.0	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	6.00	.25	4.3	6.13	5.50	7.50	4.50	872	1.55	.60	158.3	28.6	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	14.13	- .38	- 2.6	14.50	14.00	17.50	11.50	1,792	1.79	1.88	- 4.8	14.4	.64	4.5	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	18.50	2.00	12.1	19.00	16.63	23.38	13.50	14,372	4.15	1.67	148.5	16.4	.16	.9	NEW	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	13.63	- .50	- 3.5	14.38	13.50	16.38	12.00	1,653	1.25	.46	171.7	10.2	.52	3.8	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	36.63	.13	.3	38.00	33.88	39.13	29.75	50,517	1.40	.90	55.6	9.1	1.76	4.8	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
Std Brd Prt N	23.00	.25	1.1	23.50	22.50	23.88	17.00	4,116	3.69	1.46	152.7	12.2	.56	2.4	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	45.75	- 2.00	- 4.2	48.00	45.75	48.38	24.00	3,614	2.03	1.55	31.0	13.6	.48	1.0	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber M	6.88	.00	.0	7.00	6.63	7.25	4.25	576	.98	1.20	- 18.3	15.6	.16	2.3	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.13	- .38	- 4.4	8.50	8.13	9.75	7.13	266	.71	.62	14.5	38.7	.28b	3.4	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	23.88	- 1.75	- 6.8	25.50	23.88	28.75	20.25	1,502	1.43	.99	44.4	NE	1.40	5.9	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	31.75	1.13	3.7	32.50	30.00	35.38	25.88	6,169	1.58	.95	66.3	10.7	1.60	5.0	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	36.75	- .75	- 2.0	38.88	35.88	39.75	25.13	9,663	4.05	1.44	181.3	10.2	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	18.88	- 1.25	- 6.2	21.13	18.75	26.88	17.75	23,235	4.61	2.27	103.1	10.7	.64	3.4	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	26.00	- .13	- .5	26.88	25.75	28.50	15.75	2,559	1.35	.62	117.7	12.3	.70	2.7	NEW	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	24.63	.75	3.1	25.38	23.50	26.75	16.88	39,187	4.22	1.55	172.3	NE	.40	1.6	NEW	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	11.63	- 3.88	- 25.0	15.63	11.25	22.19	10.91	752	5.01	.75	568.0	7.7	.16	1.4	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	33.88	- .38	- 1.1	35.25	33.00	37.88	27.50	529	1.11	1.01	9.9	10.3	1.40	4.1	NEW	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	30.88	- .75	- 2.4	33.13	30.88	33.13	25.00	4,429	1.61	.85	89.4	10.4	1.40b	4.5	NEW	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific N	24.88	.38	1.5	25.13	24.00	27.38	19.63	32,863	3.20	1.24	158.1	23.9	.80	3.2	NEW	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	18.63	- .50	- 2.6	19.88	18.63	20.72	14.75	2,444	1.26	.83	51.8	10.3	1.00b	5.4	NEW	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	20.75	- 1.75	- 7.8	22.88	20.75	24.75	16.50	3,886	1.10	.79	39.2	20.1	.80b	3.9	NEW	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMlln Bldel N	15.88	.13	.8	16.88	15.63	21.81	15.00	490	.16	.10	60.0	33.8	.00a	.0	.....	3 mos.	03-85	538.6	30.8	2.6	NE	(.13)	NE	538.6	30.8	2.6	NE	(.13)	NE
Manville Cp N	6.00	.13	2.1	6.38	5.75	8.63	5.13	3,812	1.59	1.07	48.6	2.8	.00	.0	.....	3 mos.	03-85	433.2	5.6	12.2	- 3.9	.25	- 7.4	433.2	5.6	12.2	- 3.9	.25	- 7.4
Masco Corp N	35.50	.00	.0	36.00	34.00	36.00	24.00	11,095	1.96	.98	100.0	20.6	.56	1.6	.....	3 mos.	03-85	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Mor-Flo Inds M	18.88	.00	.0	19.00	18.75	20.25	11.50	221	.86	.49	75.5	7.2	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	47.38	- .13	- .3	47.88	45.50	48.75	30.00	5,959	3.83	1.72	122.7	6.4	2.00	4.2	NEW	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	18.00	.38	2.1	18.13	17.25	19.00	13.25	644	.75	.43	74.4	11.0	.50	2.8	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.75	2.00	5.9	36.88	33.25	37.00	26.25	10,923	3.68	.94	291.5	9.1	1.40	3.9	NEW	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	15.88	- .25	- 1.6	16.25	15.63	16.50	11.34	837	2.32	1.07	116.8	13.3	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	19.63	- .13	- .6	20.75	19.63	21.50	15.25	384	.64	.25	156.0	NE	.80	4.1	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	33.88	- 3.38	- 9.1	37.38	33.25	38.13	25.75	946	.61	.36	69.4	13.6	1.56	4.6	NEW	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	39.25	.25	.6	40.00	38.00	40.00	25.00	3,057	1.34	.78	71.8	13.0	.92	2.3	NEW	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	13.13	- .13	- .9	13.50	12.75	18.75	11.75	4,498	4.84	2.19	121.0	43.8	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Stanley Works N	30.38	1.38	4.7	31.38	28.50	31.38	21.38	4,569	1.64	.72	127.8	11.3	.96	3.2	NEW	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	18.38	.63	3.5	19.13	17.75	19.13	12.84	2,136	2.51	.56	348.2	10.2	.68b	3.7	NEW	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	28.75	- .88	- 3.0	29.63	28.75	31.25	21.75	556	1.37	1.95	- 29.7	8.7	1.00	3.5	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	40.63	- 2.13	- 5.0	42.50	39.00	44.50	24.38	5,905	1.79	1.26	42.1	7.1	1.68	4.1	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	35.75	- .50	- 1.4	37.00	35.25	39.25	23.38	7,908	3.76	1.93	94.8	7.3	1.40	3.9	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	13.00	- 1.38	- 9.6	14.25	12.75	16.88	4.75	1,264	4.18	3.48	20.1	16.5	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	29.25	- .25	- .8	29.88	28.25	34.00	25.88	17,548	1.35	.69	95.7	19.1	1.30	4.4	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

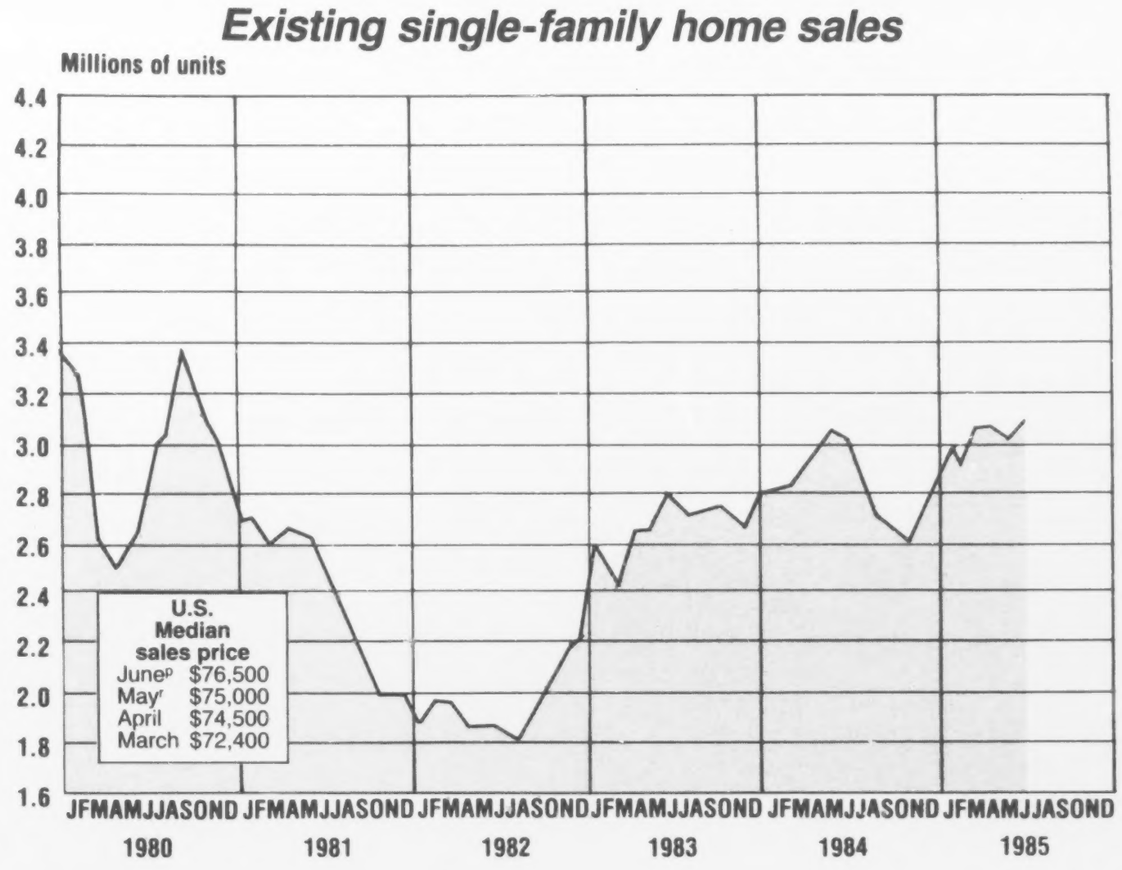
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

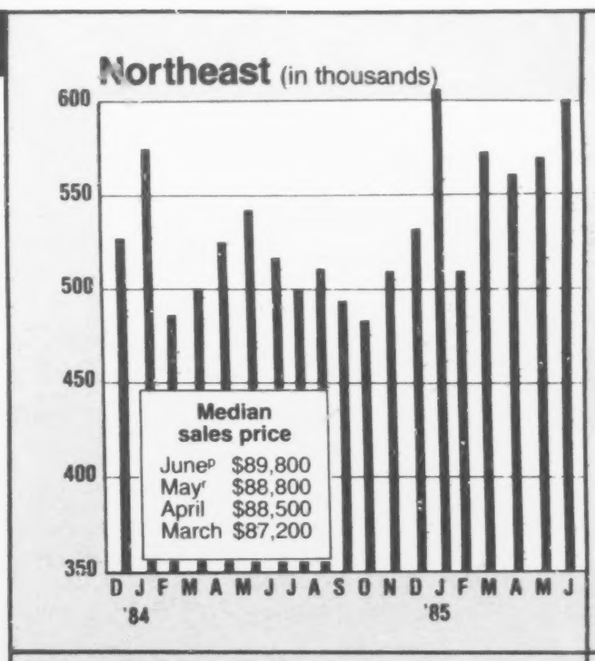
Existing single-family home sales

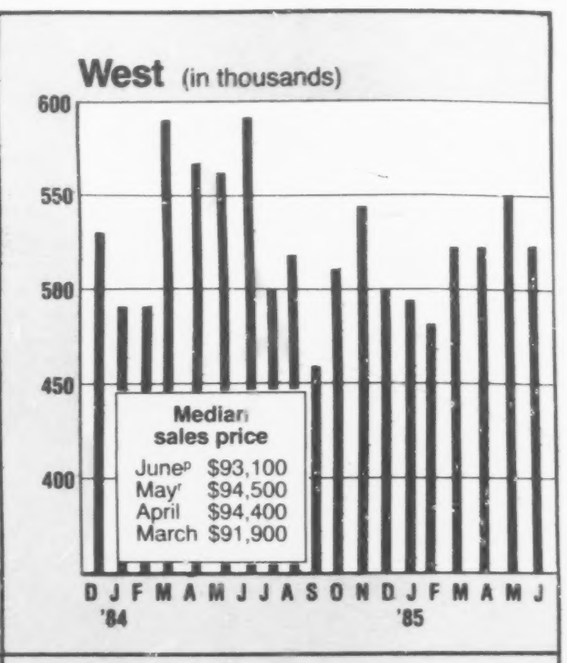


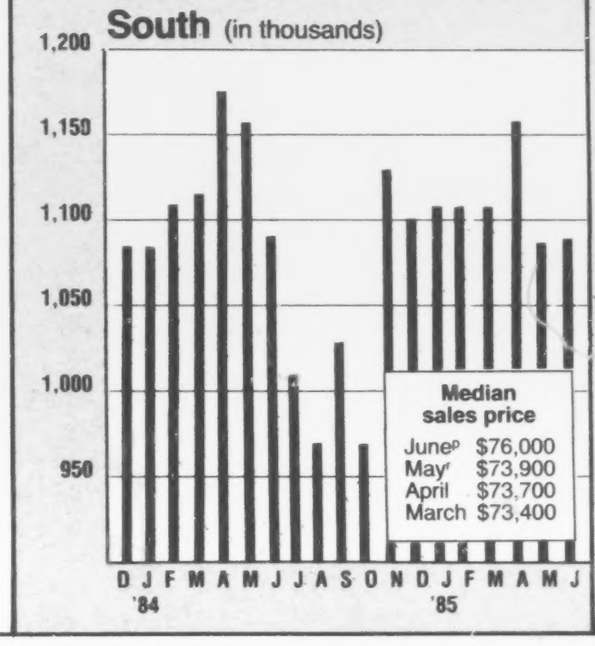
Lower interest rates are having a positive impact on the nation's resale home market, according to David D. Roberts, president of the National Association of Realtors. The seasonally adjusted pace of 3.07 million units recorded in unit set a five year record and also was the fourth consecutive month this year that activity was above the three million mark.

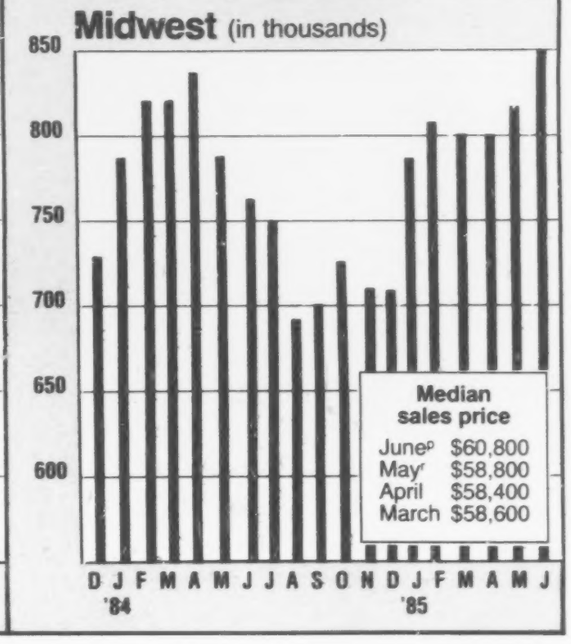
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









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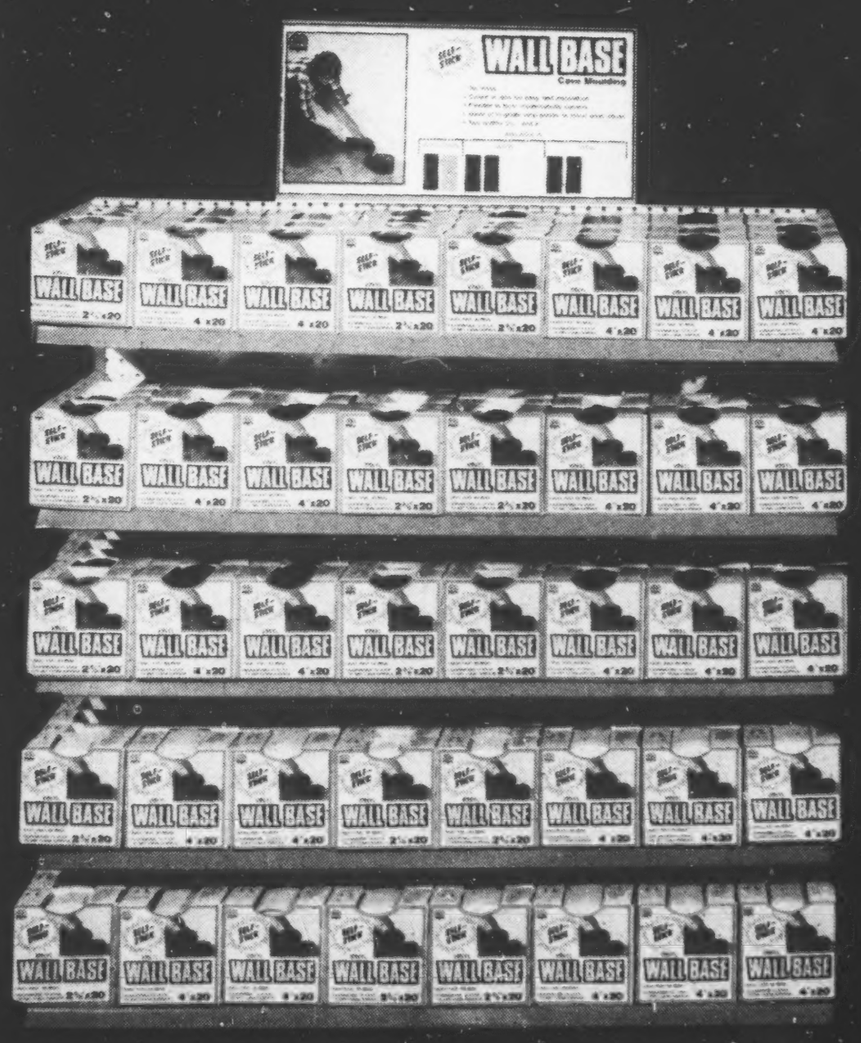

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Resales continue fast-track pace

NATIONAL REPORT — Home resales activity edged up 1% in June to a seasonally adjusted annual rate of 3.07 million units, the highest recorded pace in five years.

The National Assn. of Realtors said that not since October 1980, when the seasonally adjusted annual rate for existing single-family homes was 3.21 million units, has the pace been so high. Last month the rate was 3.04 million units.

June also was the fourth consecutive month that the seasonally adjusted number topped the three million mark.

"Lower interest rates clearly are having a positive impact on the nation's housing industry," asserted David D. Roberts, NAR president.

Once again, the Northeast housing market outpaced the other three regions by recording a 15.4% increase from June 1984 to 1985 and a 5.2% increase from May. Home resales in that region reached 600,000.

In addition, the median-priced home in the Northeast continued its upward climb, rising $1,000 from May and $11,500 from June 1984. In June, the median-priced home was $89,800.

Only in the South was the home price increase greater than in the Northeast. There, where resale activity was unchanged from May at 1.09 million units, the median-priced home rose $2,100 from May to $76,000.

"Relatively large increases in resale home prices are typical of this time of year because the spring normally brings heightened demand for housing thus putting upward pressure on prices," explained Dr. Jack Carlson, executive officer and chief economist at the NAR.

Only in the West did housing prices decline, from $94,500 in May to $93,100 in June. Resale activity also declined during this period, from 550,000 units to 520,000 units, seasonally adjusted.

The Midwest, however, experienced a 3.6% increase in resale activity in June and an 11.8% rise from June 1984, recording 850,000 new resales, seasonally adjusted. Home price in this region rose $2,000 to $60,800.

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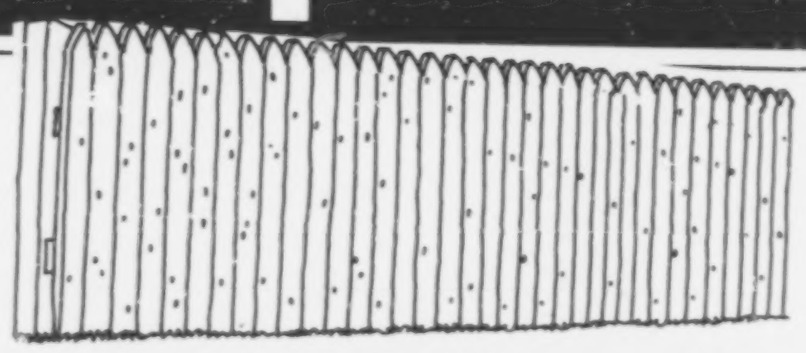

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LUMBER REPORT

Canadian lumber bill put on hold; no action anticipated until the fall

By Milford Prewitt
NHCN associate editor

NATIONAL REPORT — The dilemma surrounding Canadian lumber imports became a little more inscrutable this month when the Congressional sponsor of a house bill to impose a duty on Canadian lumber withdrew his bill until the fall.

Rep. Sam Gibbons (D-Fla.), chairman of the subcommittee on trade, announced he would delay any further action on his trade reform bill, HR 2451, until September, by which time the Congressman is supposed to have met with Canadian lumber officials.

Initially hailed by some lumber manufacturers and fellow House lawmakers from timber growing regions, the trade reform bill would have rewritten the 1930 Tariff Act and imposed stiff new import duties on Canadian lumber, energy products and textiles. For American lumber growers, the bill was widely supported as an effective means to make them more competitive with Canadian importers, whose sales account for almost one-third of all lumber sold in the United States.

Last year, Canadians sold an estimated 10 billion board feet of lumber in the United States and, if current projections for this year hold true, they are expected to exceed 1984's total. According to the Coalition for Fair Lumber Imports (CFFLI), the Canadians have been averaging approximately a billion board feet a month since the year began.

Often accused by Americans of reaping the benefits of a government-subsidized industry, critics argue that Canadian lumber growers are not shackled by the complex stumpage price formulas of their southern neighbors, and, therefore, have been able to undersell Americans in some cases.

At the same time, some species of Canadian lumber from the Western Provinces, where 90% of the imported Canadian wood in the United States market comes, enjoy higher demand by dealers and retailers, according to industry sources.

Like an avenging knight, the Gibbons bill was viewed by American lumbermen as a good way of turning the clock back on Canadian lumber to the middle 70's, when Canada only held about 18% of the market. At the same time, the tariff charges would make the timber more expensive, and therefore, blunt demand for Canadian lumber.

In the light of the Congressional support and industry acclaim the bill has earned, more sober economic analysis has determined that the trade reform package might backfire on American growers and force their prices to rise as well.

Harry J. Horrocks, of the National Lumber & Building Material Dealers Assn., said the organization had been opposed to the bill since its inception and was relieved that Gibbons had announced that he needed time to study it further.

At the heart of Horrocks' opposition to the measure is that American lumber would be forced to rise in price almost as much as the Canadian lumber and that the increase would stifle demand, slow housing starts and hurt retail lumber sales.

"We just don't think Congress should have the right to increase the price of Canadian lumber through a tariff," Horrocks said.

"This means that the contractors and the lumber dealers will have to pass on the price increases to consumers. package."

Horrocks charged that one reason Canada is able to sell more lumber in the United States is that they are not bound by the cumbersome and complex pricing systems that affect the American industry. This system would still be unaffected by the tariff reform package and would further undermine the American lumber sales, he said.

"If anything has got to change to make this country more competitive, it's got to be the way we assess our stumpage prices for standing timber," Horrocks said. "The procedure right now is just terribly inefficient, with blind bids and all the speculation that actually drives the price up.

"People have been contracted to cut trees at a given price and then when they get them to the market, they're forced to sell at far less than what they bought it for. That system has to change and the Canadians have nothing to do with that."

Keith Judkins, Northeast representative of the Coalition for Fair Lumber Imports, said he was disappointed that Gibbons bill was being slowed up and favored the legislation as a way to gain parity with the Canadians.

"We're not trying to stop the Canadians from wanting to trade in the United States," Judkins said, "but every month since January they've exceeded their sales for the same time period last year.

John Milliner, a Southeastern representative of the CFFLI, was also disappointed the move behind the Gibbons bill had slowed, but was nonetheless an enthusiastic supporter of the measure.

Milliner said the Canadians have been allowed to "gouge" their share of the American market by selling excessively below market prices for wood.

"We're not trying to drive the Canadians out of the market. There will always be a need for Canadian lumber.

Milliner said while he knows the Reagan administration will probably frown on imposing trade restrictions, he said he and other American manufacturers would look forward to the Canadians setting up some voluntary limits.

FUTURES

Two weeks ended July 11, 1985

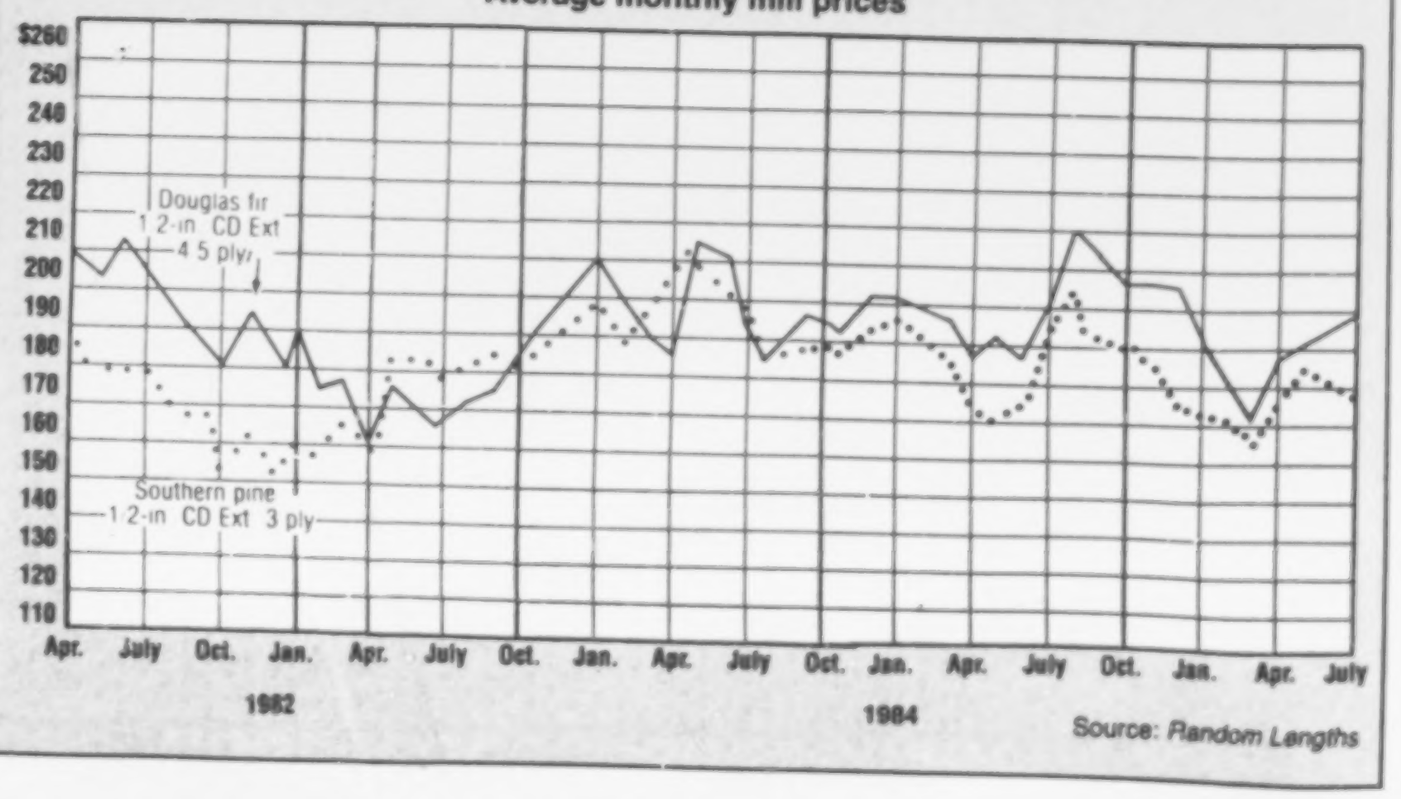
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	155.00	148.00	153.70	144.90	712	230.50	129.30
Sept.	153.00	148.00	150.20	145.10	4,127	197.50	135.30
Nov.	153.90	150.40	151.20	147.90	2,212	186.10	137.80
Jan. '86	160.00	157.00	157.80	154.10	932	187.30	144.60
March	166.00	163.20	163.60	160.20	713	188.20	149.00
May	170.50	168.00	168.60	164.50	310	176.40	153.00
July	177.00	174.50	175.90	172.80	51	183.40	169.00

Total Contract Vol. (Through 7/11): 16,451 — **Previous Two Weeks: 19,901**
Total Open Interest (As of 7/01): 9,057 — **Previous Week: 9,065**
Cash Price: $159.74 — **Previous Week: $154.84** — **Year Ago: $125.44**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, June 25.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Source: *Random Lengths*

National Home Center News.

Gambling on the Store of the Future

By John Caulfield
NHCN senior editor

NATIONAL REPORT — Late last year, officials from Hammar Hardware in Nashua, N.H., got wind that the market their store had dominated since opening eight years ago was about to be invaded by Somerville Lumber, the powerful subsidiary of Payless Cashways.

The 9,000-sq. ft. Hammar needed help and turned to American Hardware Supply, the dealer-owned wholesale co-op to which it belonged. Around that time, American was receiving good reports about the performance of the "Store of the Future" prototype it had opened in Longview, Tex., that August.

Hammar Hardware became America's first dealer to convert to the store design of that prototype, and from January through April, the store underwent a complete facelift—at a cost of $61,000—that included the installation of a new "race track" layout and the reconstruction of the front entrance to put in more cash registers.

Somerville never came to Nashua (the chain opened a site it had bought), but Hammar's investment was worthwhile. Sales and profits rose 20% in the first year after the conversion and improved another 10% in the second year. Hammar's average ticket has been above $15 (compared to the industry average for hardware stores of around $9), its annual inventory turns are over three (compared to around 2.5 turns for other retailers), and owner Dick Hammar expects sales in the store's second year to be 25% higher than the $1 million it did the first.

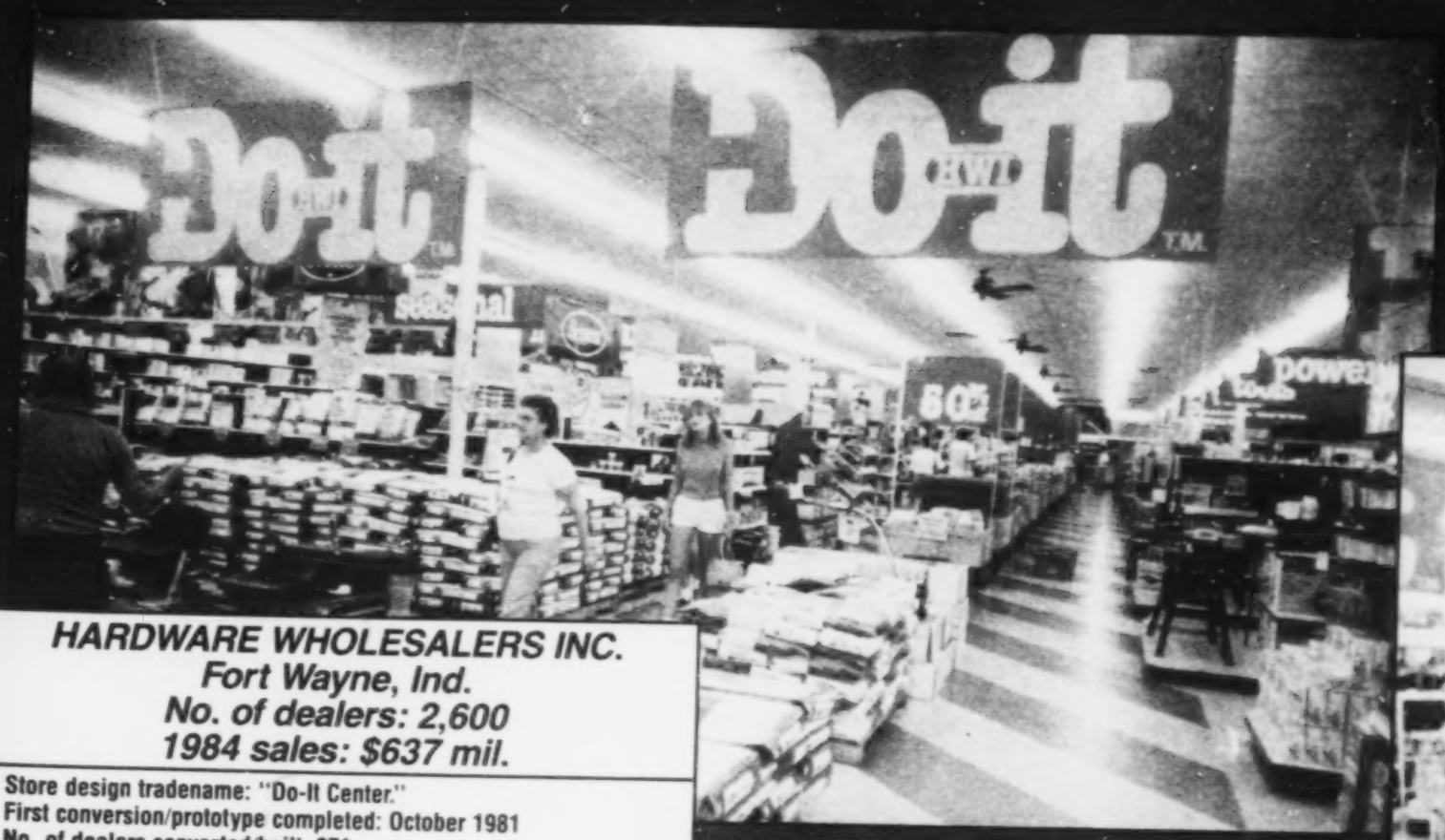
"There is no way a conventional hardware store could be profitable in Nashua," said Dave Porusta, Hammar's vice president. "People are shopping the store instead of just coming in to pick up odds and ends."

Somerville currently is constructing a unit in Pelham, N.H., 20 miles from Nashua, but Porusta isn't worried. "With our new look, we're ready to take on all others."

His willingness to convert his store to American's store design must surely have been spurred by the success of the Texas prototype which, only two months after its Aug. 16, 1984, opening, had a new Payless Cashways as its next door neighbor.

Despite its competitor, that unit

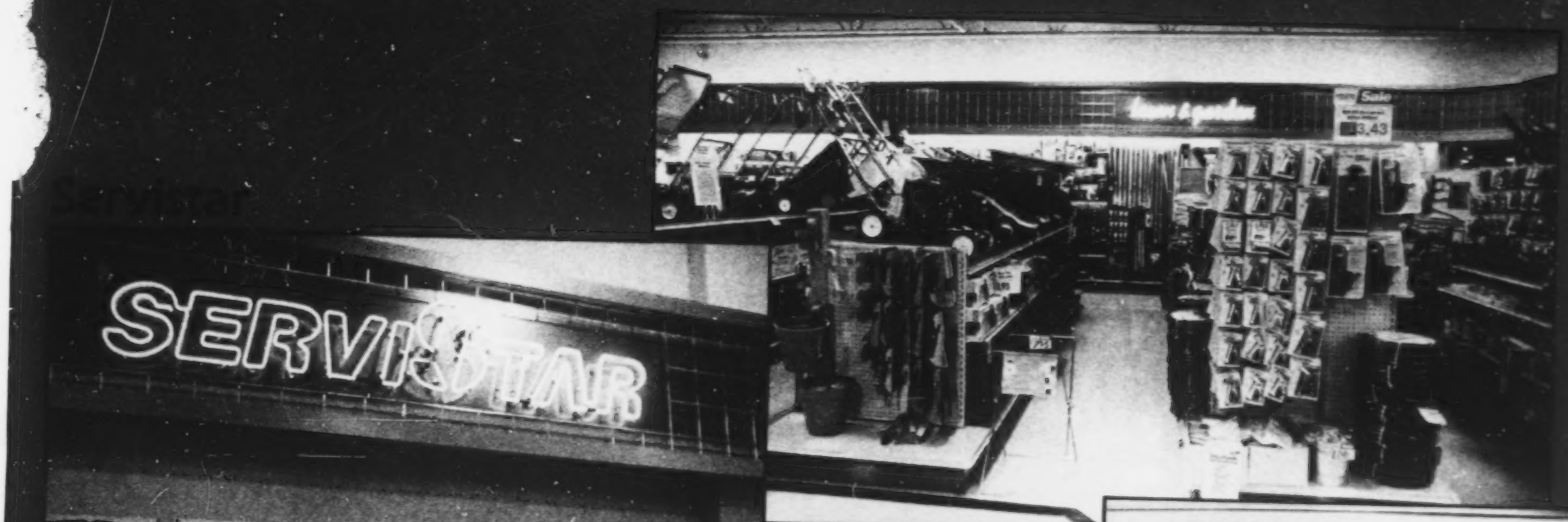
National Home Center News®



HARDWARE WHOLESALERS INC.
Fort Wayne, Ind.
No. of dealers: 2,600
1984 sales: $637 mil.

Store design tradename: "Do-It Center."
First conversion/prototype completed: October 1981
No. of dealers converted/built: 87*
Average size of completed conversions/new builds: 12,000 sq. ft.
Expansion plans: 39 more this year; another 100 by July 1986
Conversion time: 4 to 6 weeks (existing unit)
2 to 3 weeks (new build)
Outside consultants: Don Watt & Associates, Toronto (store design)
National Retail Hardware Assn., Indianapolis (merchandise/fixturing)
Color scheme for signage/fixtures: red/orange and yellow

*through August 1985 Source: Hardware Wholesalers Inc. *NHCN* chart



AMERICAN HARDWARE SUPPLY
Butler, Pa.
No. of dealers: 3,800
1984 sales: $619 mil.

Store design tradename: "Store of the Future"; "Operation Turnkey."
First conversion/prototype completed: August 1984
No. of dealers converted/new build: 3*
Average size of completed conversions/new builds: 10,300 sq. ft.
Expansion plans: 21 stores by February 1986
Conversion costs for store design in existing units: $2 to $6/ft. ($65-$70/ft. to build and stock a new store)
Conversion time: 4 to 6 weeks (existing store)
134 days (new build)
Outside consultants: Retail Planning Associates, Columbus, Ohio (store design)
Color scheme for signage, fixtures: red, white and blue

*through August 1985 Source: American Hardware Supply *NHCN* chart

National Home Center News®

Cotter

Last March, True Value Hardware in Hartville, Ohio, was converted to Cotter & Co.'s "Store of First Choice" design concept. Seven- and 8-ft. fixtures were installed inside of a tight, race track format which gave greater exposure to many of the store's 34,000 sku's. Signs and prices were employed on endcaps for the first time. And, according to True Value's owners, Howard Miller Sr. and his son, Howard Jr., the unit's productivity has risen. NHCN photos

COTTER & CO.
Chicago
No. of Dealers: 7,000
1984 sales: $1.64 bil.

Store design tradename: "Store of First Choice."
First conversion completed: April 1985
No. of dealers converted: 2*
Average size of completed conversions: 14,000 sq. ft.
Expansion plans: NA
Conversion costs for store design in existing unit: $3.50 to $4/ft.
Conversion time: 5 to 7 weeks (existing store)
Outside consultants: none (program developed in-house)
Color scheme for signage, fixtures: blue and tan

*through August 1985 Source: Cotter & Co. *NHCN* chart

Ace

ACE HARDWARE CO.
Oak Brook, Ill.
No. of dealers: 4,700
1984 sales: $926 mil.

Store design tradename: "Store of the Future" (with five basic lay-outs).
First conversion/prototype completed: March 1985
No. of dealers converted/new build: 10*
Average size of completed conversion/new build: 10,000-12,000 sq. ft.
Expansion plans: 60 by end of 1985 (50% new builds); 100-120 in 1986.
Conversion costs for store design in existing unit: $2.25 to $2.50/ft.
Conversion time: 180 days (existing and new build)
Outside consultants: National Retail Hardware Assn., Indianapolis (store design, merchandising, fixtures)
Color scheme for signage, fixtures: red and white

*through August 1985 Source: Ace Hardware Co. *NHCN* chart

Jim and Sandy Kite opened their 12,000-sq.-ft. Allied Ace Hardware in Pasadena, Tex., on March 14, which is the prototype for Ace Hardware's "Super Hardware" store design and layout in its "Store of the Future" program. This unit makes a strong visual presentation with bold, triangular price signs, murals and a race track format that exposes the consumer to 65 endcaps. The unit also has carved out a small area for the sale of building products, and an even larger part of the store in the back for its service department, where a customer can get paint mixed, glass, wire or tubing cut or arrange to hire a contractor. NHCN photos

Our Own

OUR OWN HARDWARE
Burnsville, Minn.
No. of dealers: 1,000
1984 sales: $105 mil.

Store design tradename: "How-To."
First conversion completed: February 1985
No. of dealers converted: 2*
Average size of completed conversions: 26,000 sq. ft.
Expansion plans: 25 units through 1986; 250 units through 1990
Conversion costs for store design in existing unit: $3.50/ft.
Conversion time: 90 days (existing unit)
Outside consultants: Chuck Ruhr Agency, Minneapolis (store design)
National Retail Hardware Assn. (tentative, fixturing/merchandising)
Color scheme for signage, fixtures: red and white

*through August 1985 Source: Our Own Hardware *NHCN* chart

Our Own Hardware's "How-To" store design was first put into a 10,000-sq.-ft. unit located in the town of Northfield, Minn., a light industrial, agricultural and college community. Its manager, Lee Lansing, claims that the store design concept has successfully drawn customers from surrounding communities, and that his unit's sales, earnings and productivity have improved since the program was installed in February. The store uses 5-ft. gondolas around the borders of its race track layout, although it is also experimenting with movable, 8-ft. warehouse racks that currently are stocking a wide range of housewares. This store also offers a menu of services that include tool rental and repair of outdoor power equipment. NHCN photos

NHCN SPECIAL REPORT: HARDWARE CO-OPS' STORES OF THE FUTURE

Hardware co-ops gamble on stores of future

(Continued from page 27)

Some in the industry commented that the co-ops' prosperity, along with the dealers,' is also at stake here.

Dramatic move was needed

"All the prototypes have the same thing in mind: Moving their dealers into the 1990's," said William Sands, senior vp for Retail Planning Associates, the Columbus, Ohio, design firm acting as American's consultant. "And among those dealers that don't go along, many are going to be history."

The co-ops have been signing up dealers for their respective design programs aggressively, and as many as 1,000 dealers could be sporting the new Store of the Future look over the next five years if the buying groups' expansion plans are on target.

That so many dealers are clamoring for the programs is a testament to their increasing level of sophistication. "It doesn't take a genius to see that if your store is increasing its sales by 10% in a market that's growing 25%, you're losing ground," said Robert Hynes, American's "Servistar" program manager. "Plus, our dealers are looking at chains such as Scotty's [the Winter Haven, Fla., home center giant], which carries only around 7,500 sku's, and concluding that 'the consumer needs to go someplace else to complete the project.' We're making the stores more presentable to attract that customer."

Through these store design programs, the co-ops have also latched onto a powerful marketing vehicle to sell dealers on their other support programs and have been using the store design as a hook to lure in more dealers to use their variety of services and align more closely to the co-op.

"The dealer-owned co-ops, in the past years, have really lost control over the operations of the independents," explained John Gustafson, Our Own's store services manager. "So we're looking to establish what amounts to a total marketing and licensing agreement in our 'How-To' design program, that the dealer would adhere to strictly."

Hynes of American spoke of cultivating a "chain mentality" among dealer-members through the program "within an independent framework. These guys are all strong entrepreneurs, but the ballgame's changed, and now they're coming up against well-financed chains with 100,000-sq.-ft. stores selling everything they sell and more."

The battlelines were drawn only two months after American Hardware Supply opened its Servistar "Store of the Future" prototype in Long View, Tex., last August when, two months later, Payless Cashways moved next door with a 32,000-sq.-ft. unit with a 50,000-sq.-ft. lumberyard. NHCN photo

Mike McClelland, vp-marketing for HWI in Fort Wayne, Ind., said his company wasn't looking to usurp any dealer's operational freedom. However, he did note that, "We are only as strong as the independent allows us to be."

Most of the independents contacted by *NHCN* did not feel their autonomy was being abridged when they signed up for the co-ops' store design and marketing programs, although most recognized that the potential for the loss of their autonomy existed as they depended more heavily on the buying groups.

Consumers changed; hardware stores didn't

In fact, most dealers confessed that the development and implementation of the store remodeling and remerchandising programs could not have come a moment too soon for the industry which, for the past several years, has been taking its lumps.

Consumer shopping habits have changed, and people have flocked to home centers which offer a wide assortment of merchandise and a one-stop shopping experience most hardware dealers were incapable of matching.

Between 1978 and 1984—the prime periods of growth in the home improvement industry—hardware dealers saw their compound annual sales growth rise only 6.8% to $10.5 billion, and their industry unit count for this period actually fell by 0.6%. There were 23,600 units opened at the end of 1984.

Comparatively, the store count for home centers and retail building materials outlets during the same time span grew at a compound annual rate of 7.6% to 22,200 units last year, and sales increased 11.2% to $52.7 billion, according to data published this year by the DIY Research Institute.

In the late 1970's and early 1980's, most hardware dealers—for either financial or philosophical reasons—were reluctant, if not outright opposed, to investing in improvements in their stores' appearance and merchandise assortment, preferring instead to take short-term profits over long-term market positioning.

These hardware dealers, say industry officials, were also saddled with an "image" problem of being considered high-priced by consumers, vis-à-vis home centers and warehouses, and had a bland or nondescript visual sameness that left their stores "boring," to quote one industry source, as a shopping environment.

During the period when hardware dealers' market share slipped, the five hardware co-ops thrived. DIY Research Institute data show that these companies had compound annual sales gains of 14.5% between 1970 and 1984. Last year, they reported aggregate sales of $3.9 billion, with 19,050 members.

Co-ops to the rescue

The strengths of the co-ops permitted them to assume a vanguard role in developing business improvement programs for their dealers. And, in late 1982, HWI, with assistance from a Canadian design firm Don Watt & Associates, took the initiative and brought out its "Do-it" store design and remodeling program.

"The idea of this program has always been to offer our dealers a total retail marketing package, which we believe will be the key in the future," said McClelland. "The esthetic improvements, while significant, were always secondary. What Do-it does is take a hardware store and turn it into a selling machine."

HWI can legitimately lay claim to igniting the resurgence in hardware retailing, and even its co-op competitors concede its program has been a rousing success, as dealers who converted to the format have realized first-year sales gains averaging 33% and second-year increases of 15%.

However, that Do-it was a viable commodity was one of the reasons spurring the other co-ops into action. "Competition from everyone woke all of us up and made us better merchants," said Hynes of American, based in Butler, Pa.

Earl Primm, Ace's store development manager, recalls when the Oak Brook, Ill., co-op held its fall convention in New Orleans in October 1983, only months after Home Depot and W. R. Grace's Houseworks exploded into this market with a total of seven stores.

After the convention, he remembers, "Larry [Gavin, Ace's president] and Ted [Costoff, the co-op's chairman] went back down to New Orleans and got together with our dealers. And they told us, 'We've got to do something.'"

Primm also notes that, with HWI's program already out and Sears having introduced its huge "Store of the Future" in King of Prussia, Pa., with a greatly expanded hardware department, Ace did not want to be left behind the crowd.

And so it began. Ace showed floor plans for its "Store of the Future" to dealers last fall in Las Vegas and signed up more than 200 dealers for conversion this spring at its buying show in Houston. American's 15,000-sq.-ft. prototype in Longview, Tex., opened August 1984.

Our Own, the Burnsville, Minn., buying group, installed its "How-To" store design and marketing program into a 10,000-sq.-ft. unit in Northfield, Minn., last February. And Cotter, based in Chicago, has developed, with considerably less fanfare, its "Store of First Choice" store design. In March, it converted a 20,000-sq.-ft. unit in Hartville, Ohio, and reportedly, an 8,000-sq.-ft. unit in Kentucky. (Cotter officials declined to be interviewed for this article.)

Even Coast-to-Coast, the Minnesota franchiser/supplier, has opened a 6,000-sq.-ft. "Coast-to-Coast Plus" store in St. Paul as part of an experiment with convenience-oriented neighborhood service outlets in metro markets.

Dealers eye market share growth

The co-ops have all placed their own mark on each of their designs (see other stories), even as they focus on similar things such as better signage, endcap and variable-pricing merchandising and physical improvements to a dealer's store.

There are nuances in each program that differ markedly, however. The color schemes for interior and exterior designs vary somewhat as do floor layouts, although the race track appears to be favored by dealers to expose more of their stores' endcaps.

HWI has the advantage of having a two-and-a-half-year lead in the development of its program over its competition. However, it appears to be a bit more rigid in enforcing its store design guidelines and in its dealer qualifications, according to Norb Newman, a design consultant for NRHA.

Ace's and Cotter's market approach looks to attract some contractor business, while American's is aimed more directly at the female shopper. And Our Own's store is the only one using warehouse racking in a smaller unit. But, while esthetically pleasing, Our Own's concept will lag behind the others until it gets its stores on computer.

There seems to be a new excitement among dealers in the industry, which was described by the co-ops' officials as "healthy," and "having survived the shakeout."

"Over the past five years, you've seen unbridled growth from the home centers and warehouses," noted HWI's McClelland. "But I doubt that level of growth over the next five years will continue, and hardware dealers will be able to step in and take some market share again."

Canadians play pivotal role in co-ops' design firm use

NATIONAL REPORT — In 1978, a Canadian firm which had successfully developed modern interior and exterior designs for a number of retailers, was commissioned by Hardware Wholesalers Inc., to come up with something new and different for its dealer-members.

Four years later, HWI, the Fort Wayne, Ind., co-op, came out with its "Do-It" store design and marketing program, to which 87 of its 2,600 members have converted over the past three years.

During that period, Don Watt & Associates, the Canadian firm, has played a pivotal role in the expansion of Do-It and has led the way for other design firms to participate in the formation and implementation of the various "Stores of the Future" prototypes being introduced by such co-ops as American Hardware Supply, Our Own Hardware and Ace Hardware.

"Anyone can retrofit a square box, but when a co-op has a dealer with an L-shaped store that has dead spaces and merchandise problems, that's where we can come in," said William Sands, a senior vp for Retail Planning Associates (RPA), the Columbus, Ohio, firm used by American, the Butler, Pa., co-op. "I think the designer should do more than design, and we've planned our concepts on the basis of how American, and its dealers, want to do business.

"I likened the hardware industry, before all these store design prototypes, to something between a garage sale and a museum," added George Fulton, an account executive with Chuck Ruhr Agency, the Minneapolis ad agency that helped Our Own Hardware, the Burnsville, Minn., co-op, initiate its "How-To" store design program. "But now, dealers have to play 'capture the customer' and are using store design to go back to selling what they know best."

In HWI's case, Watt meets with a prospective dealer to evaluate his store's design needs and to establish "visual differentiation" for that unit from its competitors, said Ed Tisdale, HWI's divisional merchandise manager. "Do-It is not a cookie cutter program, and we have no real prototype. Watt's people come in and design each store individually."

Tisdale added that Watt will then set up the store's layout to maximize its customer traffic flow and "specify" which interior components to use—including stripping on the floor, color schemes, murals, interior signage (down to the size of the lettering), architectural changes and, even, the physical location of the store's promotional 3x3-ft. dump bins—to create what Tisdale called a kind of "symmetry" in the store.

For its services, which include post-conversion re-evaluation of the store's design and performance, Watt charges HWI's dealers a design fee of between $5,000 to $10,000, depending on the unit's size and the extent of work needed during the conversion.

Since introducing its Store of the Future last October, Ace Hardware, the 4,700-member co-op in Oak Brook, Ill., has developed five separate prototype layouts for variously sized stores from 5,000 sq. ft. to over 25,000 sq. ft. In drawing up these layouts and the merchandising programs that accompany them, Ace employed the services of the National Retail Hardware Assn. (NRHA), Indianapolis.

"What we're doing with Ace is repositioning its dealers with store designs and internal systems that are aimed at increasing a store's productivity," said Norb Newman, a design consultant for NRHA, which is also providing, through its state associations, merchandising and fixturing assistance to HWI dealers converting to Do-It and is expected soon to be working with Our Own Hardware, the Minnesota-based co-op, on its "How-To" store design.

That outside design consultants are used by the buying groups at all demonstrates the

(Continued on page 188)

IMPORT/EXPORT REPORT

Allied backs ban on closed market countries

Foreign nations that do not open their trade doors wider to goods made in the United States should be impeded, or outright banned, from being able to ship their merchandise into this country.

This was the stark message relayed to state and Federal legislators by Allied Hardware Services Inc., a Chicago marketing group of 28 wholesalers selling to more than 20,000 dealers, in a "resolution" its president hopes will spur the rest of the hardware industry to action.

"We're not expecting any sweeping changes in our laws as a result of our document," said Allied's chief Phil Mason. "But we hope that by seeing what we've done, others in the industry will follow suit and pay attention to the situation."

That "situation" is a trade deficit in the United States totaling more than $124 billion, due in part to the strength of the dollar which currently is estimated to be between 25% and 35% overvalued on the international markets, and prohibitive trade restrictions by overseas governments, both in Europe and Asia but particularly in Japan, whose intransigence toward open markets has been well-publicized.

Allied's 347-word "resolution," approved by its board of directors and sent out to lawmakers on May 4, calls for the "continuous supply of high quality, competitively priced hardware products, from both domestic and foreign manufacturers," which it said was the "lifeblood" of distributors and retailers.

The document asserts that the disparity between the free and open trade policy in the United States and those of other countries was the main culprit behind the American trade deficit. To reverse this inequity, Allied has petitioned the United States Government to enact legislative and administrative "actions" which, in essence, will "force" foreign countries to lower their trade barriers.

Those overseas governments that cooperate will be met by a policy of "reciprocity" here, and "be viewed by the petitioners as [taking] an important first step in preserving a trading system which has raised the standard of living of this nation and many parts of the world."

For those nonobliging governments that stand behind a phalanx of trade obstacles, Allied "demands" that the United States government "establish similar barriers to that nation's products in this country."

Mason told *NHCN* this month that the seed for the resolution was planted by George J. "Bud" Schlitt, the vp-domestic sales for The Cooper Group, who spoke at the 1984 National Home Center Show of the competitive disadvantages United States tool makers were facing on the international market because of trade restrictions.

Allied, which has dealers in 44 states, asked all 28 of its wholesaler-members to write their two senators and state congressmen, and send along a copy of the petition. About one-third have done so.

Mason said his organization has received an "acknowledgement" from the White House, and one wholesaler has gotten favorable responses from Sen. John Glenn (D-Ohio) about the issue.

'We're not expecting any sweeping changes in our laws as a result of our document. But we hope that by seeing what we've done, others in the industry will follow suit and pay attention to the situation.'

—Phil Mason,
Allied Hardware Services

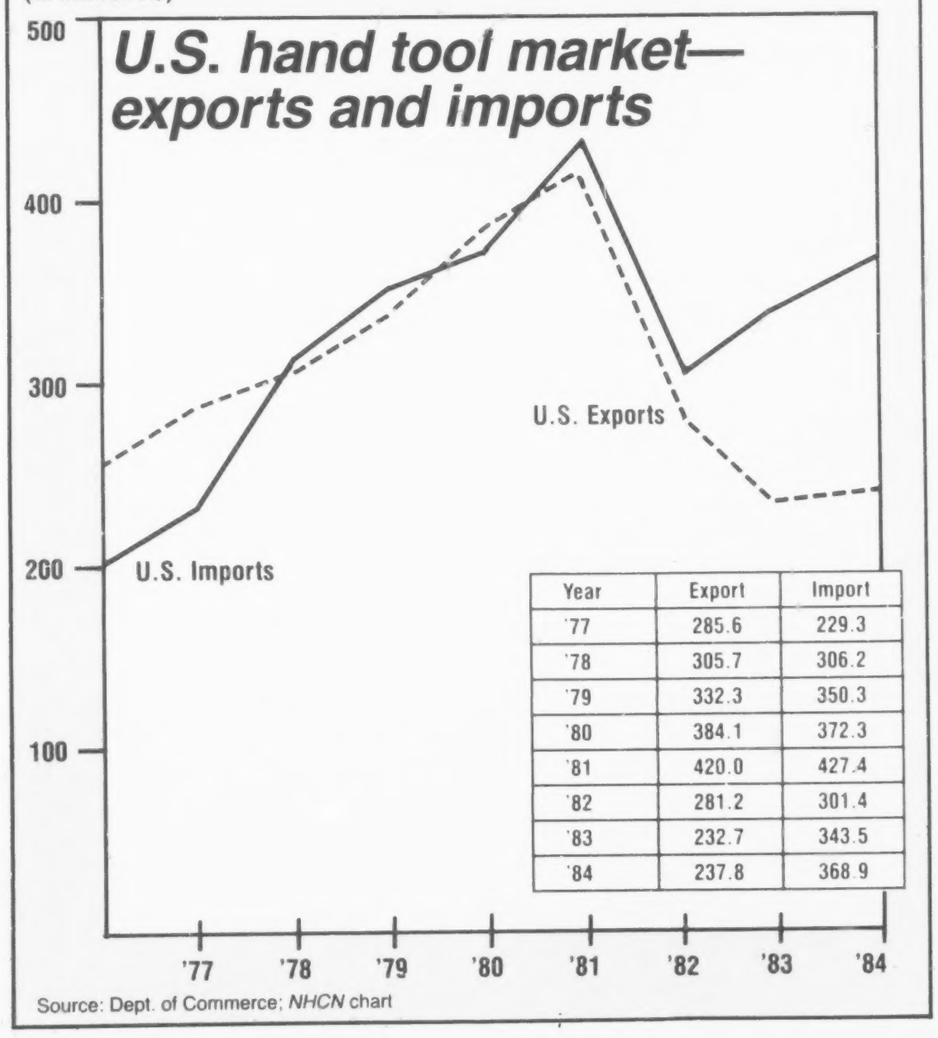
However, one letter of disagreement came from Marjorie Searing, the director of the office of assessment in the Dept. of Commerce, who insisted that the imposition of such a policy recommended by Allied would be inimical to long-term international trade, particularly with developing countries.

Mason said he could not comment on whether the Reagan Administration, which has been reluctant to hold such leaders as Japan's Prime Minister Yasihiro Nakasone accountable for their countries' trade policies, would be receptive to the kind of measures Allied was advocating.

"The point is, though, that something has got to be done, and quickly," said Mason. "Anybody who doesn't think our trade deficit is serious is making a big mistake, whether it's a manufacturer or a politician."

What Allied wants, he stated, is "the development of a legitimate world market, where everyone is playing on the same field. I have a daughter who is over in China right now, and she commented to me about the prospects for trade with a country of one billion people, and I agree. But we need a system that puts all trading partners on some kind of level plane."

(in millions $)



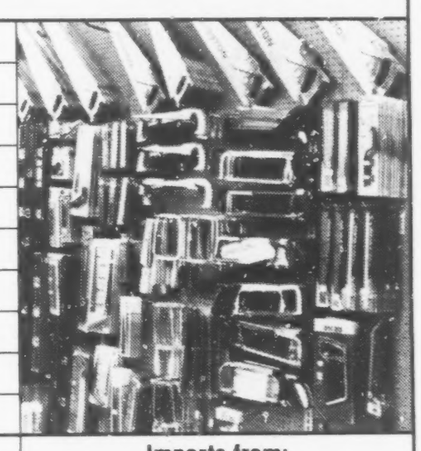
Year	Export	Import
'77	285.6	229.3
'78	305.7	306.2
'79	332.3	350.3
'80	384.1	372.3
'81	420.0	427.4
'82	281.2	301.4
'83	232.7	343.5
'84	237.8	368.9

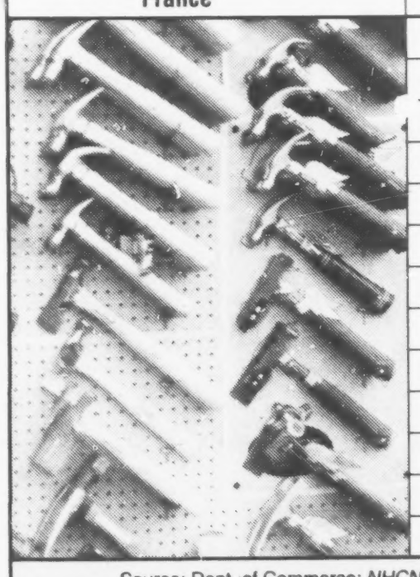
Source: Dept. of Commerce; *NHCN* chart

U.S. hand tool imports and exports

(in millions $)

Exports To:	1983	1984	% change
Total	235.4	237.8	1.02
Canada	51.0	58.7	15.00
United Kindgom	18.3	22.7	24.00
Australia	11.1	13.3	20.00
Japan	12.3	11.3	(8.00)
Belgium	10.1	9.7	(6.00)
W. Germany	7.3	8.5	16.00
Mexico	5.2	8.3	61.00
Netherlands	6.9	7.6	10.00
France	9.1	7.5	(18.00)

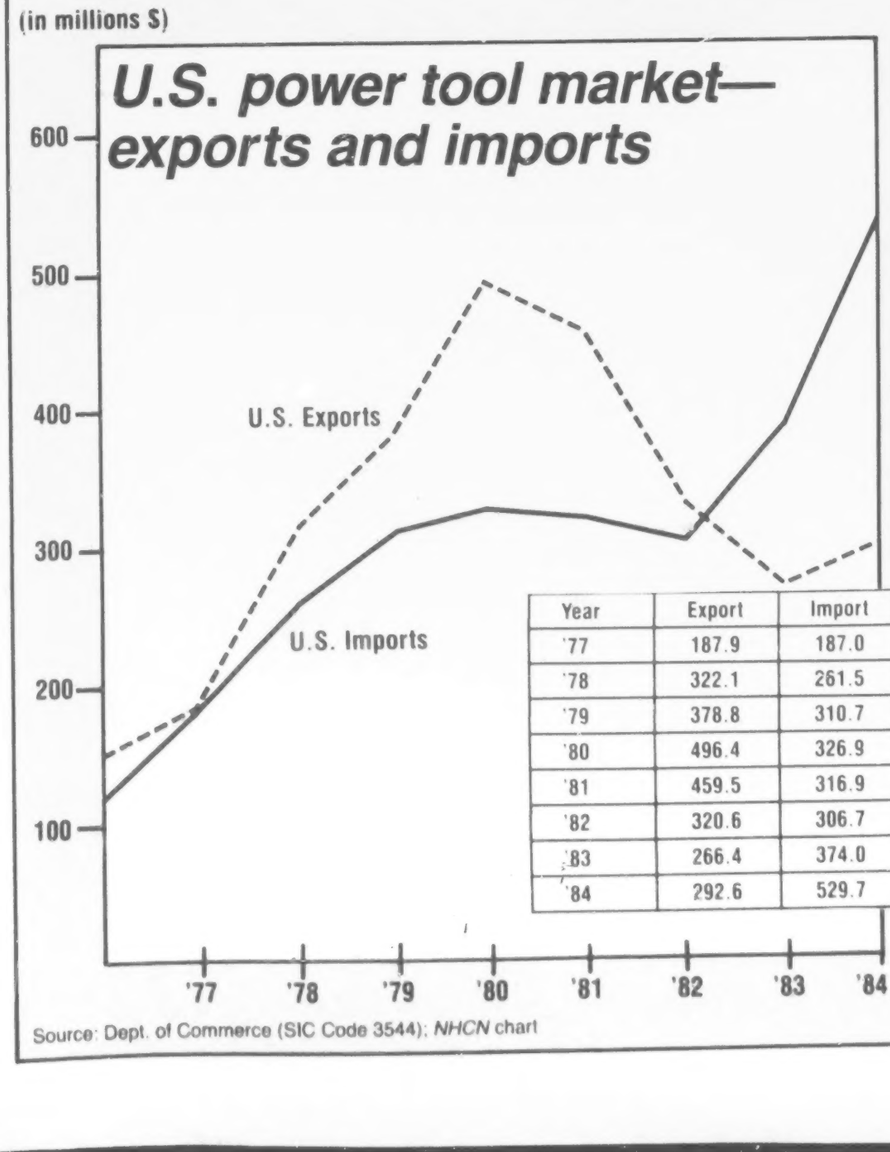




			Imports from:
344.8	368.9	7.00	Total
161.6	153.5	(7.00)	Taiwan
73.1	76.0	4.00	Japan
20.3	25.4	25.00	W. Germany
9.3	13.9	49.00	China
10.0	13.5	35.00	United Kingdom
11.5	13.0	13.00	Korea
7.5	10.0	35.40	Canada
6.9	8.7	27.00	Switzerland
6.5	8.5	30.00	Hong Kong
5.4	6.2	23.00	Sweden
4.3	5.0	16.00	India

Source: Dept. of Commerce; *NHCN* chart

(in millions $)



Year	Export	Import
'77	187.9	187.0
'78	322.1	261.5
'79	378.8	310.7
'80	496.4	326.9
'81	459.5	316.9
'82	320.6	306.7
'83	266.4	374.0
'84	292.6	529.7

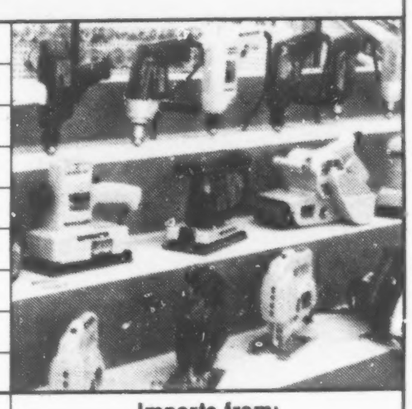
Source: Dept. of Commerce (SIC Code 3544); *NHCN* chart

Power tool exports from the United States peaked in 1980 with $496 million worth of goods being shipped. Hand tools followed suit a year later with $420 million worth shipped. Both have experienced declines since. The importing of power tools continues to be strong, with steady gains throughout 1984. Hand tool imports were slightly less consistent. Taiwan outdistanced all other countries in the hand tool import field, with Canada receiving the largest quantity of U.S. hand tool exports.

U.S. Power tool imports and exports

(in millions $)

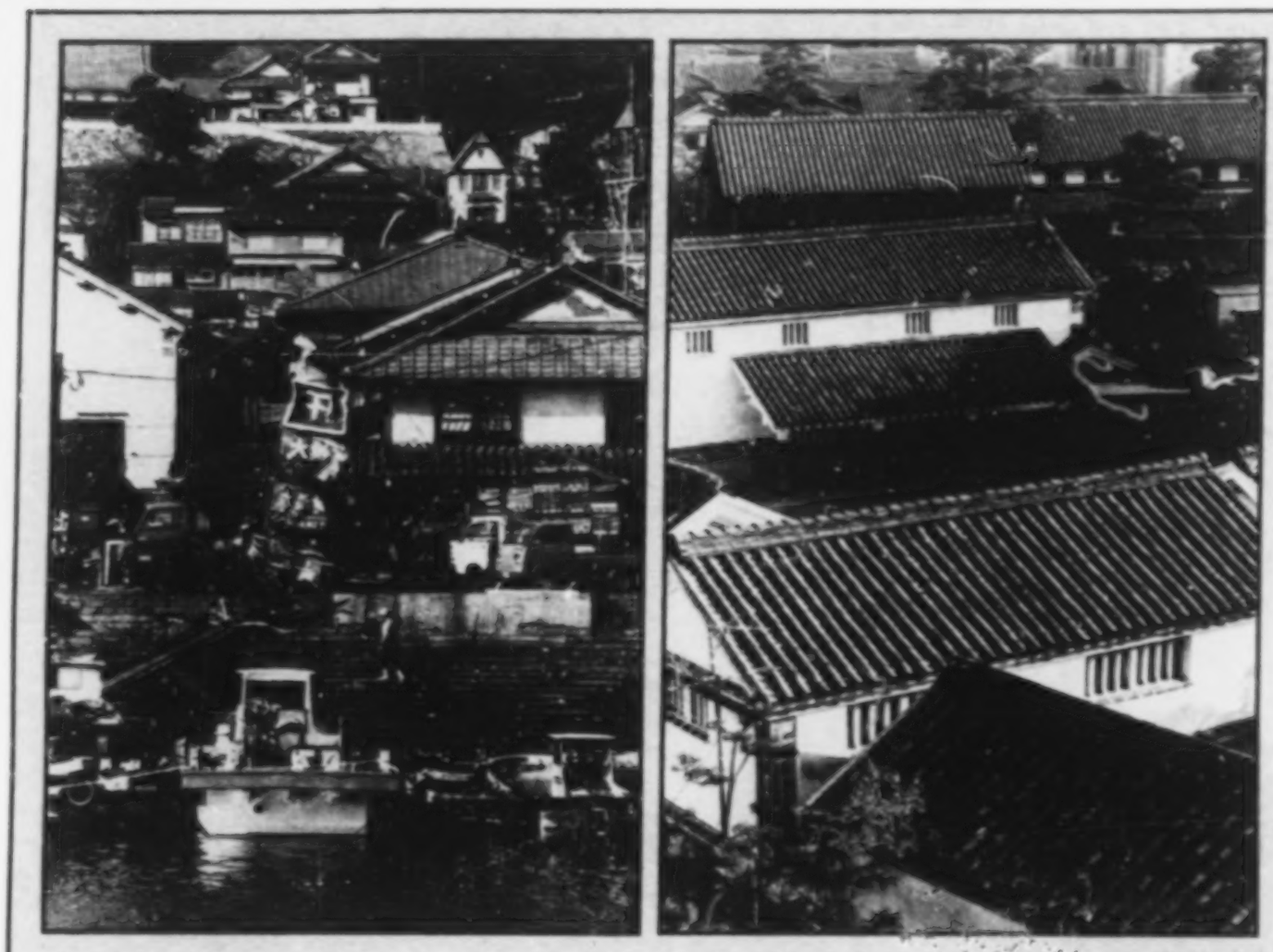
Exports To:	1983	1984	% change
Total	266.4	292.6	9.9
Canada	64.6	70.0	8.4
W. Germany	22.7	25.0	10.3
Australia	15.2	24.0	58.0
France	22.1	21.0	(4.9)
United Kingdom	15.2	18.0	18.5
Japan	13.7	16.0	17.0
Netherlands	11.5	11.4	8.6
Mexico	7.1	10.5	48.0



			Imports from:
374.0	529.6	41.0	Total
171.4	265.7	55.0	Japan
62.2	80.8	30.0	W. Germany

Source: Dept. of Commerce; *NHCN* chart

Japanese home centers unveil growth plans



Close construction of Japanese homes, seen here in the town of Tonomachi-mura (left), leaves little room for additions. Fragile construction materials, such as roof tiles, shown in Kurashiki (right), make major DIY home remodeling projects difficult in Japan. Photos courtesy of Japan Air Lines

The growth of the Japanese home center industry

Year	Number of home center units	Sales (in millions $)
1973	28	44
1974	60	120
1975	120	288
1976	240	624
1977	350	980
1978	450	1,260
1979	550	1,540
1980	670	1,876
1981	800	2,240
1982	1,050	2,688
1983	1,220	3,252
1984	1,320	3,600
1985*	1,400	4,000

*projected
Source: Japan DIY Industry Association, Tokyo; NHCN chart.

The Japanese home center industry has experienced a rapid period of growth since the early 1970's, when there were only 28 units. Today, there are some 1,400 home centers in Japan doing an estimated $4 billion in business.

In an attempt to stake out their claims geographically as well as to exploit untapped segments of the markets, Japanese home centers are announcing aggressive expansion plans, and fine-tuning their merchandising programs.

These new moves on the part of the nation's big hitters reveal an urgency to nail down sites and mine a greater return from a market that is becoming more competitive.

"At present, the Japanese home center industry is entering the puberty stage and is expected to reach a maturing stage in the 1990's," said Tsuguo Endoh, editor of Japan's *Home Center* magazine, a Lebhar-Friedman publication.

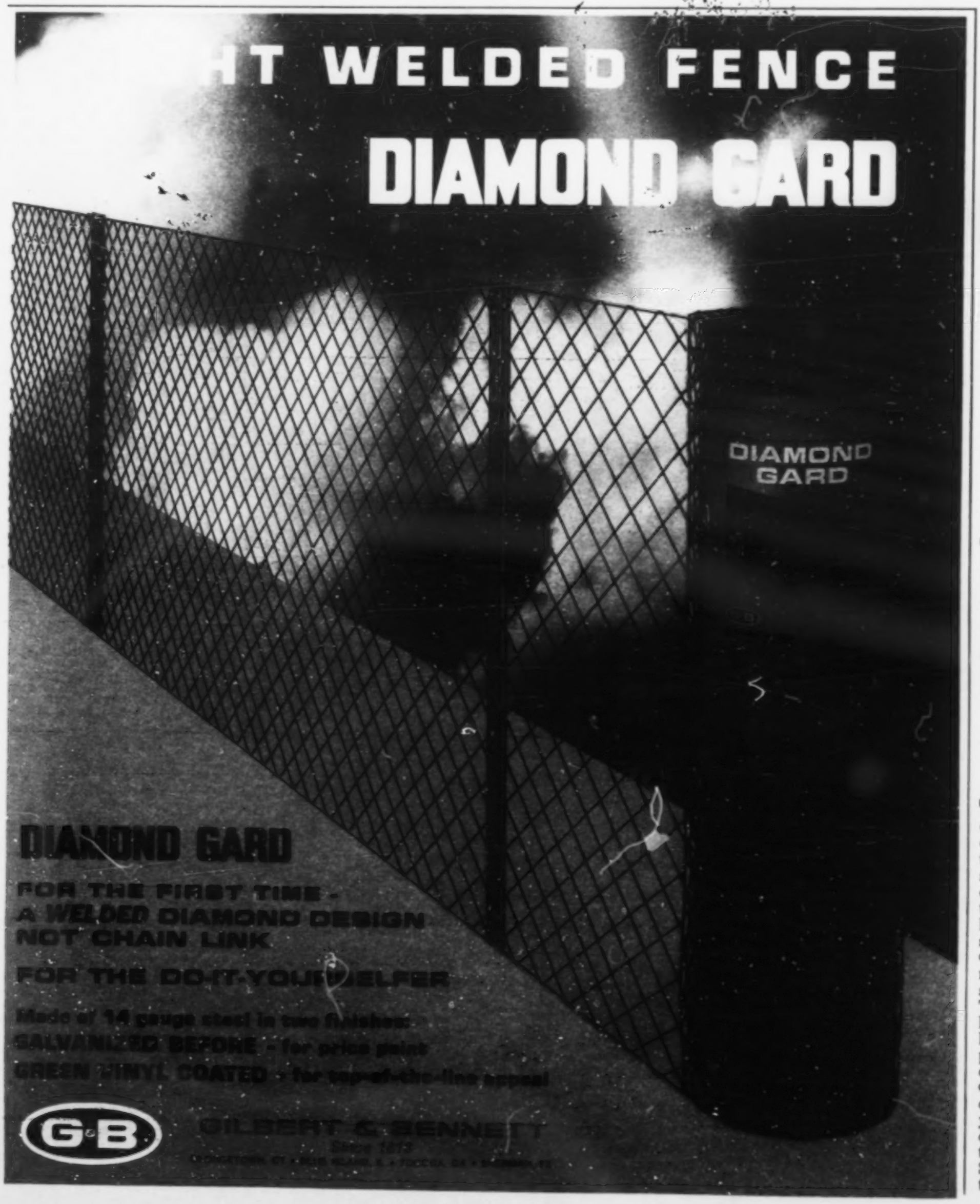
International Update

Within the past six months, Japan's home center chains took the following steps:

- Viva Home Centers, which does an annual volume of $196 million and is the country's largest home center chain, said it planned to open 50 additional stores in the "near future," to bolster its current count of 28.
- Doit Home Centers, the $64 million chain of 12 units that opened the first home center in Japan 13 years ago, responded to tight Japanese regulations concerning larger stores by opening a small unit in the center of Tokyo. The 5,400-sq.-ft. store is only one-fourth the size of the usual Doit store. Its location is also unusual, since most home centers are located in the suburbs of the city.
- Yet another chain, the $80 million Tokyo Hands, opened a store in the center of Tokyo. This unit, described as "a new lifestyle store" departs radically from home centers of the past. It has far more sophisticated merchandise displays.
- In a move to increase the use of lumber on the part of do-it-yourselfers, a number of home centers, including Doit, said they would host a "Summer School for Using Lumber" in their stores this year.

'At present, the Japanese home center industry is entering the puberty stage and is expected to reach a maturing stage in the 1990's.'

—Tsuguo Endoh,
editor,
Home Center Magazine



SURVEY REVEALS DISPARITY

Retailers open to meet public shopping need

NATIONAL REPORT — While a majority of home centers and lumberyards open their doors to the public on Saturday's as well as on weekdays, there seems to be less of a consensus about the best length of workday.

Two trends in the marketplace were brought to light in a recent survey of 160 building materials retailers conducted on behalf of *NHCN* by Lebhar-Friedman Research, New York. The first is that consumer-oriented home centers, to an even greater extent than contractor-oriented retailers, keep their units open longer hours on weekdays than on Saturday's. The second is that contractor yards tend to cut store hours back to a greater extent on Saturday's than do consumer stores.

The disparity in business hours at home centers and lumberyards apparently reflects the need on the part of consumer businesses to meet the demands of a public that often needs to shop later in the day. On the other hand, contractor buying habits, in terms of the time of day during which transactions occur, are more predictable and fall within a narrow set of boundaries early in the day.

The survey showed that nearly one-third of home centers with over 50% consumer volume stayed open more than 11 hours on weekdays. That share compared with less than 2% of contractor-oriented yards.

For lumberyards in particular, the most popular weekday was either nine or 10 hours in length. Virtually 3 of 4 lumberyards responding to the survey designated one of those time frames as being their typical weekday.

Home centers, attempting to capture greater shares of the consumer market, reported more diverse business hours. While close to 52% said they stayed open either nine or 10 hours daily during the week, 1 of 5 said they opened for a 12-hour day, and 1 of 10 reported even longer hours.

As for Saturdays, a key day for consumer traffic, some 43% of respondents with over half their volume going to consumers said they stayed open more than nine hours. On the other hand, less than 6% of respondents with less consumer trade reported similar business hours.

While only 1 of 4 home centers said they stayed open less than eight hours on Saturday's, some 65% of lumberyards did so.

Business Hours by Type of Store

(% Reporting Store Hours)

Number of Hours	Weekdays		Saturdays	
	0-50% Consumer	51%-100% Consumer	0-50% Consumer	51%-100% Consumer
0-5	0	0	17	5
5-6	5	0	33	11
7-8	9	6	24	29
9-10	71	54	17	37
11-12	10	31	3	14
13-14	0	9	0	5

Consumer-oriented home centers tend to stay open longer weekdays and on Saturday's than do contractor yards.

Source: Lebhar-Friedman Research, New York. NHCN chart.

Senior workers losing ground in battle against early retirement

NATIONAL REPORT — The fact that only 16% of all men 65 and older are in the labor force—compared with 48% in 1947—reflects a continuing nationwide trend toward early retirement. A new study from the Conference Board, the New York business research organization, reports that "efforts to discourage older workers from retiring before age 65 or to encourage them to postpone retirement beyond age 65 are exceedingly rare."

The study, called, "Managing Older Workers: Company Policies and Attitudes," was based on a survey of 363 companies. The responses showed that the vast majority of firms are continuing to encourage retirement before the age of 65. Over 60% of surveyed companies had early retirement inducements in their pension plans, but only 3% offer their employees incentives to continue working beyond the age of 65.

Some 14% of firms reported an average retirement age of 65 or older, down from 42% in 1972. In 51% of firms, the average retirement age is 62 or less.

When comparing the incidence of part-time labor to full-time employment, the study found that the former seemed to be much more commonly found among older workers. While 35% of all men 65 and older worked full time in 1974, this figure has dropped to 8% today. On the other hand, nearly half of all employed men 65 and older are working part time, up from about one-third in 1963.

Some 7.5% of all women 65 or older are in the labor force, down from the record highs of 10% to 11% in the mid-50's and early 60's. On the other hand, some 42% of women between the ages of 55 and 64 are working.

Like men, women are taking early retirement more often than before. Of all women who began taking social security benefits in 1980 (the latest year for which data is available), 76% received reduced benefits for early retirement, up from 70% in 1970. The comparable figure for men was 70%, up from 60% in 1970.

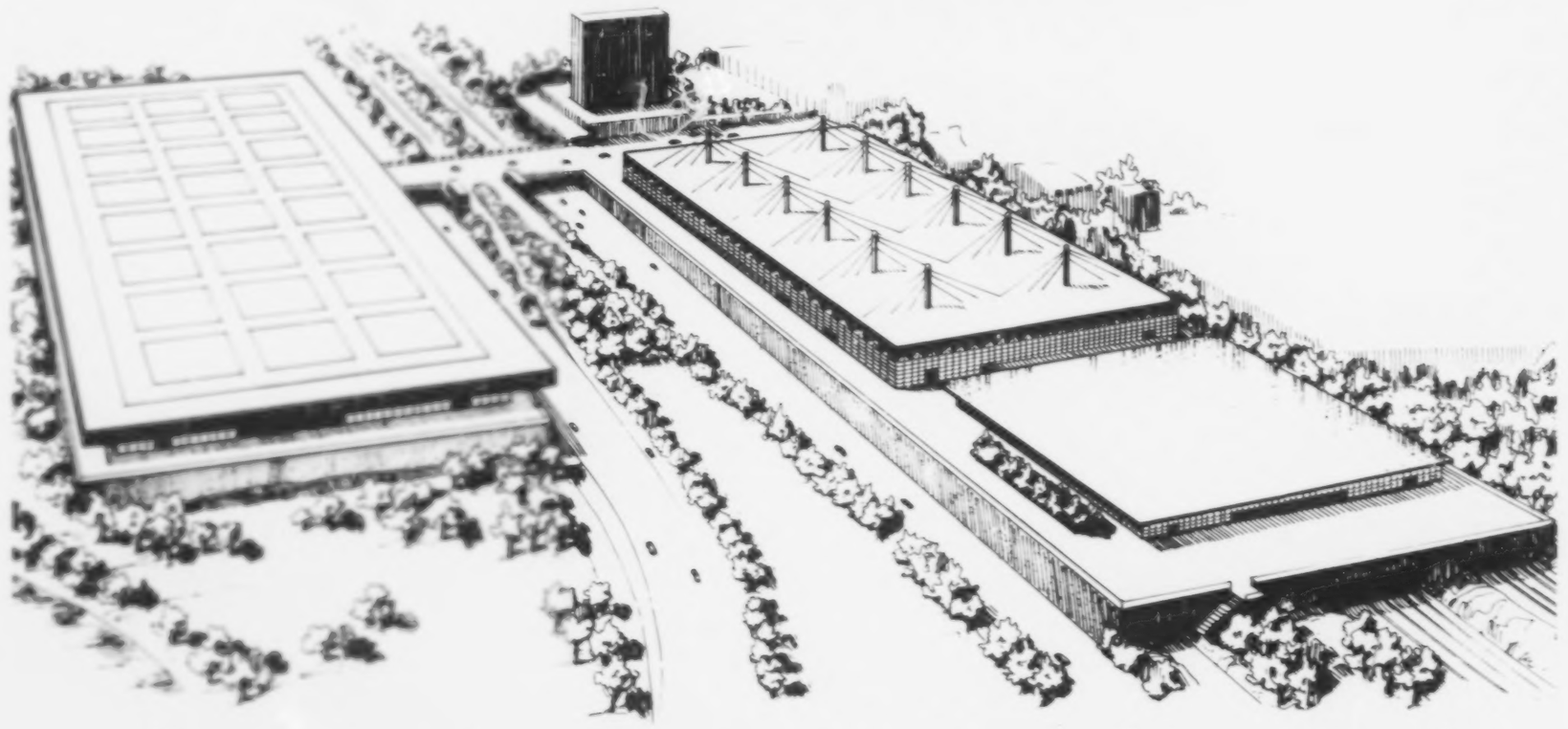
The study raised two points that questioned this scenario:

- If productivity advances significantly faster in the years ahead than it has over the past decade, strong economic growth could be achieved even with a more slowly growing workforce.
- Because competition among baby-boomers for top level jobs is expected to intensify, companies are likely to encourage early retirement, so that sufficient opportunities arise to satisfy the younger members of workforce.

Plan now to exhibit at the

1986 NATIONAL HARDWARE SHOW®

August 11-14, 1986
McCormick Place Complex, Chicago



Growing to meet your need to grow!

On August 11, 1986, the National Hardware Show will open its doors to the biggest event in its history—with more space, better space, room to expand, room to demonstrate, room to show *all* your lines. It will be a huge dynamic show with a new look, new energy and new marketing opportunities for every exhibitor.

- **A huge new building!** Adjacent to McCormick Place will be one of the largest, most lavish exhibit facilities ever constructed. Ceilings tower 35'-40' high—room for even the largest display, and with virtually no pillars or posts to interfere with exhibits.
- **A total of 1,625,000 feet of space!** More space than ever, yet organized to make shopping easier and more convenient than before.
- **Separate area for Building Supplies!** Located on the Mall Level of McCormick Place, it will give even the major building supply companies ample room to display their complete lines.
- **Separate floor for Lawn & Garden/OPE!** In the new building, lawn and garden exhibitors will have all the room needed to display and demonstrate their products.
- **Pre-Show publicity!** Already, momentum is building among manufacturers to reserve exhibit space at what will be the most heavily attended hardware show in history! You can't afford to wait! Plan now to exhibit at the show that's growing to meet **your** need to grow. Send in this coupon today!

1986 National Hardware Show
P.O. Box 3833
999 Summer Street
Stamford, CT 06905 • (203) 964-0000

Please send me complete information and space application for the 1986 National Hardware Show.

Name_____

Company_____

Address_____

City_____ State_____ Zip_____

Telephone (_____) _____ Telex_____

Products_____

New Systems & Operations Products every issue in *National Home Center News*

ADVERTISING & MARKETING

Payless outspends pack in 1Q TV advertising

NATIONAL REPORT — Television ad spending topped the $7.5 million mark during the first quarter among the nation's leading home center advertisers. This marks a 34% increase industrywide for the period.

The top spender continued to be Payless Cashways, with expenditures of more than $1.5 million for its first quarter TV advertising. That represents a 25% increase over the same period last year and almost a 100% increase over two years ago, according to numbers supplied by the Television Bureau of Advertising (TVB).

The biggest jump at Payless was Somerville Lumber in the Boston area. Somerville increased its TV ad expenditures 86% to more than $170,000 during the first quarter.

Harold Cohen, president of Somerville Lumber, said that the company did not really change its expenditures for the first quarter, but that last year his first quarter campaign began at the very end of March and continued into April, whereas this year, his first quarter campaign began early in March and extended into April for a short time.

The largest percentage increase in television advertising was made by Handy Andy in the Chicago market. The chain increased its TV expenditures more than 9,000% to $103,800. Handy Andy president Ron Rashkow declined to comment on the increase, but it is thought to be due to the increasing competitiveness of the Chicago market with the entry of Builder's Square last year and the opening of additional Mr. How stores.

Joining the top 15 list this quarter is Pay 'N Pak of Kent, Wash. The chain showed an increase of 2,426% in television advertising over first quarter of last year. The increase brought expenditures up to more than $270,000 over last year's $10,000 during the same time period. The chain declined to comment on the increase.

Spending almost 450% more during the first quarter of this year is Wickes' Builder's Emporium in the hypercompetitive Los Angeles market. That increase brought expenditures up to more than $600,000 for the first quarter, compared to $115,000 for the first quarter of last year.

The most dramatic plunge in TV ad expenditures was seen at Scotty's. The Florida-based chain decreased TV advertising by almost 80% to about $100,000. That is in comparison with a first quarter expenditure of more than $500,000 in 1984 and about $300,000 in 1983.

According to Joe Galloway, assistant advertising and public relations director at Scotty's, "Those dollars were rechanneled into print media. We just started a series of monthly sales catalogs in February and those dollars had to come out of our budget somewhere. We believe it was a good decision. We have run three catalogs and the results in terms of sales has been tremendous."

The television ad figures are compiled from broadcast advertisers' reports and may not indicate the amount of money actually spent by the chain because some expenditures may have been reimbursed through co-op ad programs.

TV advertising expenditures 1st quarter of 1985

Chain	Market	Expenditures Jan./Mar. '85	Jan./Mar. '84	% Change
Payless Cashways	Multimarket	$1,692,200	$1,348,400	+ 25
Payless Cashways	Multimarket	822,600	685,500	+ 20
Furrow's	Multimarket	591,300	460,400	+ 28
Lumberjack	Sacramento	104,800	109,400	– 4
Somerville	Boston	173,500	93,100	+ 86
Wickes/Builder's Emporium	Los Angeles	627,600	115,300	+ 444
The Home Depot	Multimarket	601,200	251,700	+ 139
National Lumber	Los Angeles	458,700	532,200	– 14
Plywood Minnesota	Multimarket	359,200	270,600	+ 33
Hechinger	Multimarket	293,000	170,200	+ 72
Mr. HOW Warehouse	Multimarket	283,600	—	—
Pay 'N Pak	Multimarket	270,300	10,700	+2,426
Builders Square	Multimarket	263,900	381,900	– 31
Lowe's	Multimarket	221,500	110,400	+ 101
Mr. Goodbuys	Multimarket	199,800	301,600	– 34
Menard Cashway	Multimarket	174,800	229,400	– 24
West Building Materials	Multimarket	124,500	108,800	+ 14
Scotty's	Florida	109,900	503,300	– 78
Handy Andy	Chicago	103,800	1,100	+9,336

Source: Television Bureau of Advertising, Broadcast Advertisers' Reports; *NHCN* chart

Anaheim Manuf. joins AT&T rebate program

ANAHEIM, Calif. — Anaheim Manufacturing is teaming up with AT&T in AT&T's Opportunity Calling rebate program.

The program offers consumers who use AT&T's long distance service the ability to earn credits which can be exchanged for rebates or savings certificates for products made by participating manufacturers.

Anaheim Manufacturing is offering rebates of $15, $10 and $4 on its top three Sinkmaster disposers. Customers will be informed of the products' availability through four-color catalogs sent to them by AT&T.

Point-of-purchase materials will be provided by AT&T and Sinkmaster to participating dealers.

The AT&T rebate offer will precede, and then coincide with, Sinkmaster's own holiday rebate program, scheduled to begin in November. The AT&T promotion began last month and will continue until Dec. 31, 1985, with redemption continuing until Feb. 28, 1986.

READ CLASSIFIEDS

Cook's new dist.

BIRMINGHAM, Ala. — Cook's Cabinets Inc. has been appointed as the distributor of GlamourTop countertops in Missouri, northern Arkansas and northeastern Oklahoma.

Cook's will be stocking 57 colors and patterns of GlamourTop countertops.

Only one company is as big as your fastening market.

Only one company makes a complete line of top-quality stapling and nailing products, for *all* your customers—professional to DIY-er to every member of the family.

Only Bostitch. And we don't stop there.

Add the Bostitch Fastening Center program—it includes a wide choice of point-of-purchase displays, in-store signs, co-op advertising and, most important, the promotional skills of your nearby Bostitch marketing representative. Now you've got the formula for success in the growing staple and nail fastening market.

Contact your Bostitch rep for the full story on the full line.

Bostitch. We not only make it good, we make it for everyone.

FULL SERVICE℠ BOSTITCH MANUFACTURER MEMBER

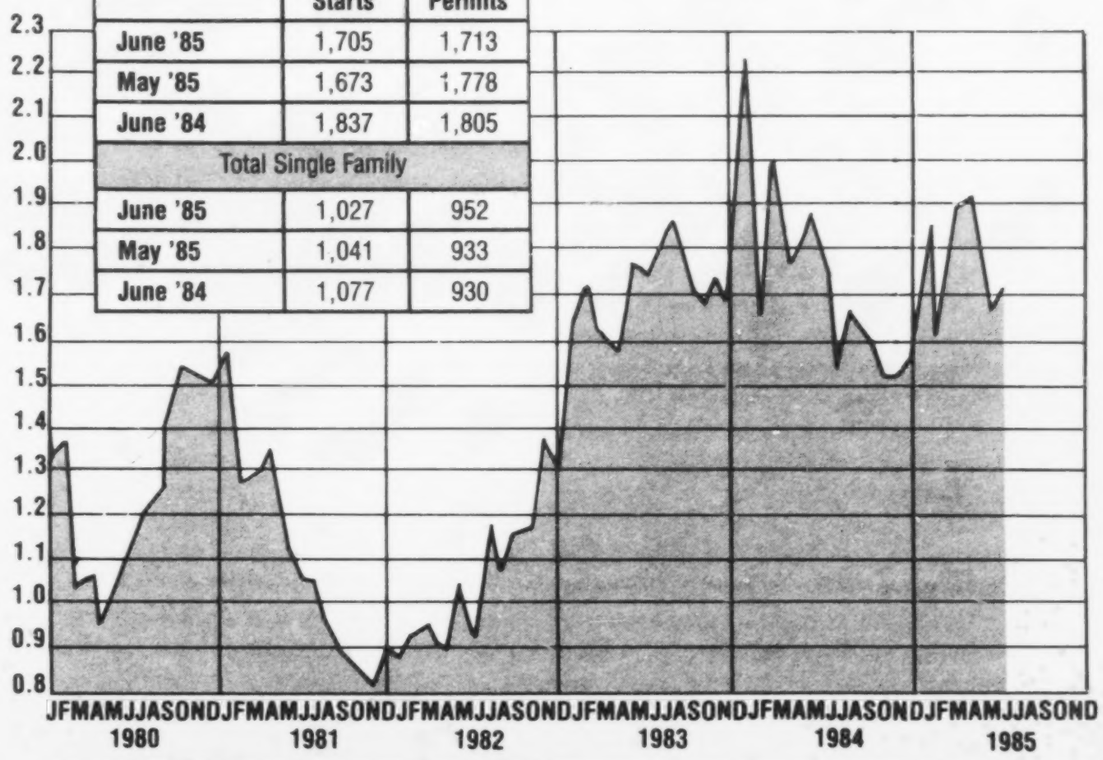
East Greenwich, Rhode Island 02818

HOUSING WATCH

U.S. housing starts

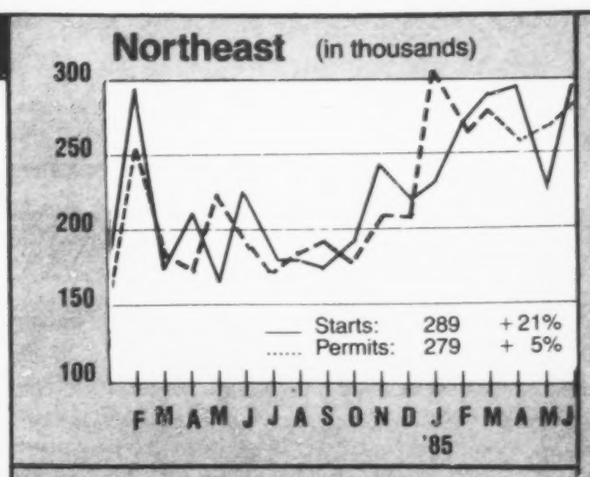
Seasonally adjusted annual rates

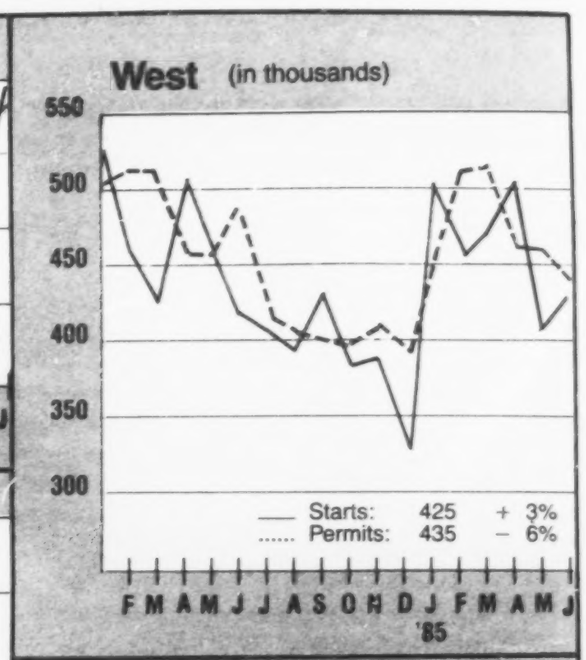
TOTAL (in thousands)	Starts	Permits
June '85	1,705	1,713
May '85	1,673	1,778
June '84	1,837	1,805
Total Single Family		
June '85	1,027	952
May '85	1,041	933
June '84	1,077	930

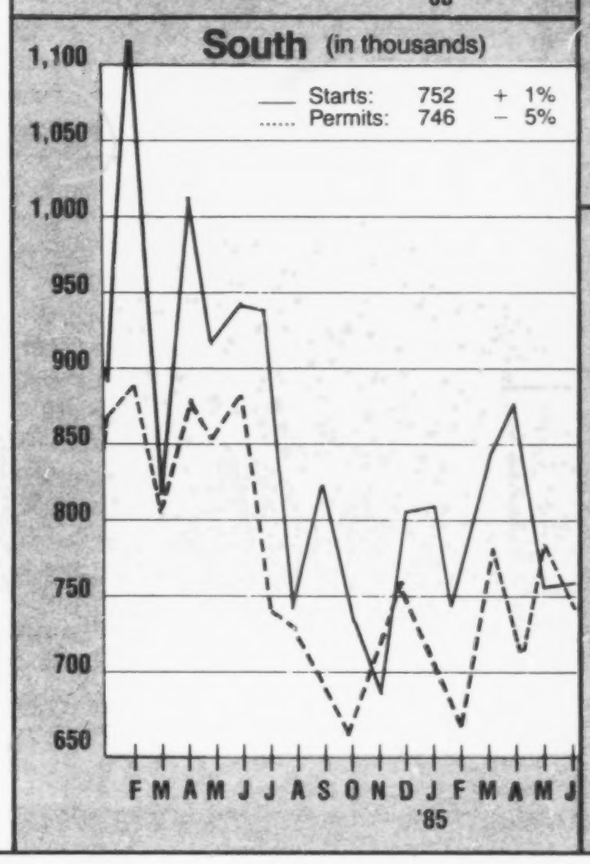


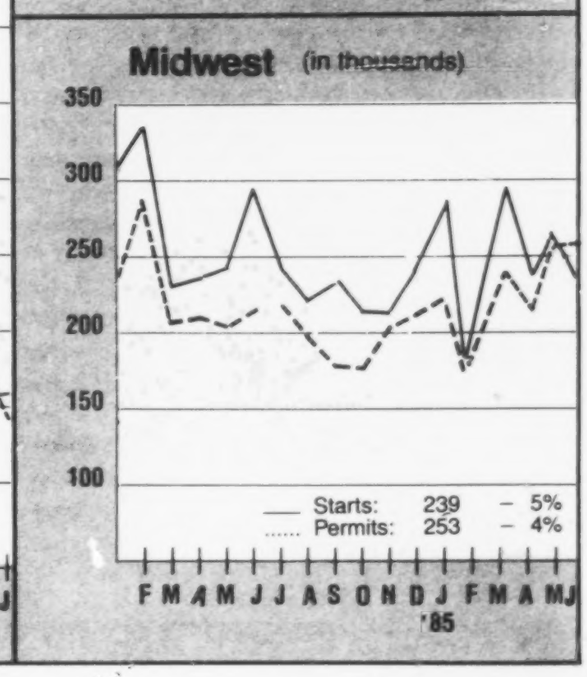
The Nat'l Assn. of Home Builders credited the construction boom in the Northeast with sparking the 2% increase in housing starts recorded in June. That region saw new starts rise 21%. The 2% increase for the nation, however, only produced an annualized 1.7 million new dwelling units, which is 100,000 units below NAHB predictions for the year. Despite that June number, the trade organization is still projecting 1985 will produce 1.8 million new starts, 100,000 units below the sum recorded in 1984.

Source: Dept. of Commerce, Bureau of the Census









June starts inch up 2%

NATIONAL REPORT — Housing starts rose 2% in June but produced a seasonally adjusted 1.7 million units, 100,000 units below the National Assn. of Home Builders forecasts of 1.8 million starts for 1985.

Gopal Ahluwalia, assistant staff vp/director of research for the NAHB, commented that despite the lower-than-expected annualized number, June's starts are "pretty good" and on target with our forecast for a decline of 100,000 units below last year.

The NAHB is predicting the nation will start 1.8 million housing units in 1985 and is standing by that number.

"Next month we should make the 1.8 million seasonally adjusted number," said Ahluwalia, adding that the difference should be "picked up in the South" primarily because of increased permit activity in Atlanta and Florida.

June's 2% increase in total housing starts carries with it a 1% decline in single family starts. It also was a month that recorded a housing permit decline of 4%, but a single-family permit increase of 2%.

The increases in total housing starts and single-family permits is due to the construction boom in the Northeast, especially in Boston and Connecticut where there is a lot of high-tech-related building, said Ahluwalia.

June housing starts in the Northeast jumped 21% from May and 32% from June 1984. Permits increased at a more modest rate of 5% over May but soared 43% above last June.

The only other increase recorded during this period was in the South where housing starts inched up 1%, but were still 18% below last June's recordings, according to Commerce Department statistics. Permits also declined, by 5% and 16%, respectively, in this region.

Construction and permit activity in the West and Midwest continued their downward trend in June. However, in the Midwest permits increased 14% over its corresponding month in 1984 but declined 4% from May.

The West experienced a 13% drop in permit activity compared with June 1984 but a 1% increase in housing starts.

Build & Grow sells 2 units for buy-out

IRVINE, Calif. — Build & Grow, the southern California home center with a strong lawn and garden orientation, sold one of its two Irvine stores on July 25 to five-unit Crown Hardware, based in Corona Del Mar.

Proceeds from the sale are to be used to buy out former president and co-founder Dick Hallett who left the company six months ago. Hallett was not in complete accord with the future plans of the company and hopes to start a small hardware company based in Fallbrook.

The sale leaves Build & Grow with another store in Irvine and a newly opened unit in Yorba Linda. That unit is the first of a new venture that Build & Grow will now be free to pursue. The company plans to open new stores in "village-style" shopping centers in upper income areas of Orange County.

Dave Thoensen co-founder of Build & Grow will continue as general manager with partner Andy Mahalyo who joined the company two years ago to help finance future expansion. Mahalyo is also president of Interwest Ventures based in Newport Beach, which develops the new "village-style" shopping centers.

Mahalyo thought the Build & Grow format, which has 16,000 sq. ft. of nursery plants outside the store (45% of total sales are in lawn and garden products), ideal for the new centers. In the Village Green center at Yorba Linda, the Build & Grow stands directly alongside a farmers' market.

The Village Green idea works for Build & Grow, but many developers are reluctant to build to that design, because outdoor space yields lower rents. Thus there was a four-and-a-half-year delay before the second Build & Grow store was opened.

The lawn and garden oriented chain sold off two stores to raise money to buy out former president Dick Hallett (above).

Forest City retail sales climb

(Continued from page 9)

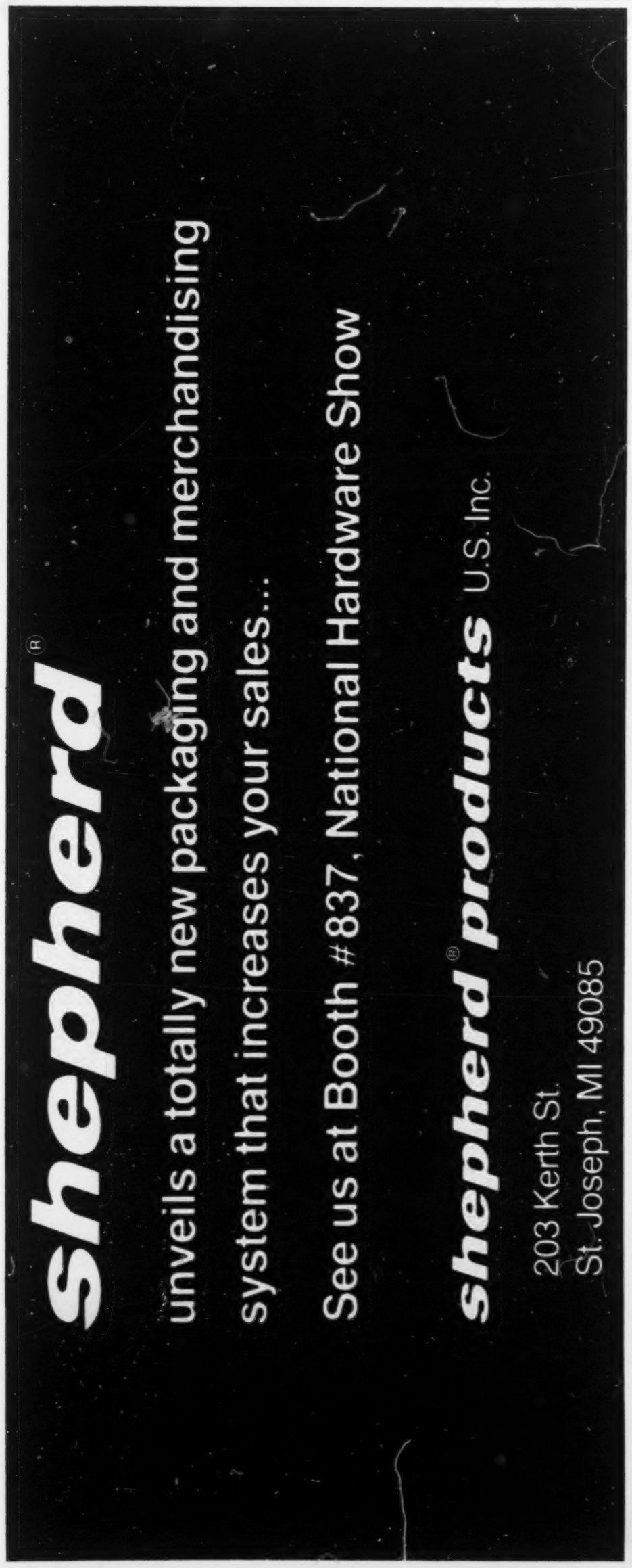
$129,711,000 in 1983. The division had earnings of $598,000, representing an 82% drop from earnings in 1983.

Approximately $686,400 of the reduced earnings was attributed to credit activities now being reported through an unconsolidated subsidiary, although they result from retail activity. If these revenues are added to the retail earnings, the resulting $1,284,400 represents a 62% drop in earnings for 1984

The company noted that the drop in earnings for the retail division was "primarily due to the cost of converting 25% of our retail stores into warehouse outlets, and the cost of expansion and conversions in the Chicago market which resulted in an operating loss for that sector."

The company noted that its retail division was the recipient of an additional $8,535,000 worth of property, plant and equipment in 1984. That figure is significantly higher than the comparable figures of $1,207,000 that was added in 1983, and the $769,000 added in 1982. Depreciation and amortization for the retail division reached a new high in 1984, clocked at $1,600,000 compared to $1,367,000 for the previous year.

On a consolidated basis, Forest City Enterprises spent some $11,177,000 on additional inventory, and on construction in progress, in 1984. This represents a major shift from the previous year, when that category of activity resulted in an addition of $13,155,000 to the corporation's working capital.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